- book of pictures &
  poetry
- Francis Payne Adler
- event at Nat. Museum
  for Women in the Arts
  for fall

Jennifer X6257

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Maggie File
Correspondence
NAFTA

Maggie -
attachment sent to
C. Huber re: why
NAFTA will work

G. Alex Sinclair
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October 29, 1993

Carolyn Huber,
The White House
Washington, D.C. 20500

Dear Ms. Huber:

Carolyn, I think I can help the administrations NAFTA team. In June, I had sent some economic thoughts and information on my background; as I was interested in being an economic consultant to the Administration.

I have recently been visiting with Dick Kelley and he indicated that if he had a chance he would let you know that I would be in Washington next week (Nov 2nd - 5th). I firmly believe that I can help with the NAFTA sell. I have had a home in Mexico since 1985 and am a successful economist/foreign currency trader. I understand practical economics and Mexico as well. Leave a message for me at Representative La Rocco's office or give my office a call and leave a message.

Current suggestions:

I think you need to discuss with the Congress the risks of Mexico and South America forming an exclusive Free Trade Zone. The Mexican president has already signed with Chile and has announced pacts with Venezuela and Colombia. It is very logical that the rest of South America will join their zone. The United States could end up being frozen on the outside.

Explain to the American people that **NAFTA, IS MOSTLY ABOUT ACCESS TO THE MEXICAN MARKET** and not much about access to the U.S. market. Mexico has access to the U.S. market today for most items other than a very minor 3.5% duty. **NAFTA improves the environment** and will force added costs of 2 OR 3% on Mexican manufacturers to clean up their emissions. **Mexican manufacturers net gain is probably 1 to 1.5% under NAFTA while our gain is a real 11% and more on some items**. The U.S. is no longer a major growth market but Asia and Mexico south are; we need access. Use some charts to show what has happened.

Why shouldn't Mexico become a growth market like South East Asia? Japan has created the most fantastic new consumption market in the world in their own backyard and it was by accident.

Explain the effects of NAFTA failing---Salinas unilaterally lowered Mexican duties from 30% to the average of 11% today in good faith that the United States wanted Free Trade with Mexico; this has created over 500,000 U.S. jobs. If he took the tariffs back to 30%; we will lose $2~~5~~ 0 billion in exports that we have recently gained.

If a free trade zone with South America is formed and we are on the outside we will lose other exports to both Mexico and South America, that will cost us even more jobs. Ag would be one of the biggest losers, because South America is a very efficient ag producer and barriers to U.S. ag products would likely go up and South America would have open access to Mexico.

Perot's false statements in his recent United We Stand publication should be called on the carpet (see attached statements). Perot has insulted the Mexicans and some members of Congress have done the same; in the last couple of months this has evolved into an emotional, offensive fight that has harmed relations with Mexico; there is increasing opposition in Mexico to both NAFTA and the United States.

DUE TO THIS NEW ENVIRONMENT, THE RISKS TO THE UNITED STATES IN FAILING TO PASS NAFTA HAVE MULTIPLIED.

If you would like me to meet with some of your NAFTA sales team, I would be happy to do so. I have enclosed other material that may prove useful for your effort.

I look forward to meeting you. Thanks and good luck.

Sincerely,

Alex Sinclair

G. Alex Sinclair

QUESTIONS ABOUT NAFTA----

WHO GIVES MORE UNDER NAFTA? Under NAFTA Mexico is giving 3 to 1 in lowering current duties and 8 to 1 when you consider what the President of Mexico has done in good faith in expectation of free trade with the United States. The United States is gaining more access to the Mexican market than Mexico is to the United States market.

HOW IMPORTANT IS MEXICO AS A TRADE PARTNER? Mexico is our second largest market for manufactured goods and our third largest trading partner. Mexicans consume more U.S. goods per capita than any country other than Canada. Exports to Mexico have grown from $14.5 billion in 1987 to $41 billion last year and are projected in the September 10th "Kiplinger Washington Letter" to hit $60 billion by 1995. At 20,000 jobs per billion dollars that is an additional 300,000 U.S. jobs.

WHAT DOES NAFTA MEAN TO MEXICO? Opposition to NAFTA in Mexico is growing, according to the November 1st issue of Business Week. The opposition PRD party is opposed to NAFTA. There is a growing feeling that if the United States does not want Mexico; then we do not want the United States. Carlos Salinas, Mexico's first free enterprise president has staked a lot of political capital on free trade and NAFTA.

COULD THE FAILURE OF NAFTA COST THE U. S. JOBS? The answer is an unequivocal yes. Mexico has already signed a free trade agreement with Chile and plans to implement free trade with Venezuela and Colombia on January 1st. Carlos Salinas has indicated that he wants to pursue free trade with all of South America. There is a real risk that the United States could get locked out of the second largest potential growth market in the world. Mexico has the right to raise duties back to where they were and still be in full compliance with GATT. If they did this, we would likely lose approximately $20,000,000,000.00 of annual exports to Mexico. Raising the tariffs would likely cost us most of the 400,000 U.S. jobs that we gained because Salinas lowered the tariffs unilaterally as an act of good faith.

WHAT WOULD HAPPEN IF WE GOT LOCKED OUT OF THE MEXICO/SOUTH AMERICA FREE TRADE ZONE? Brazil and Argentina are efficient grain producers and since our grain would then be subject to Mexican duties; South America would likely capture the Mexican grain business. The United States could also lose manufactured exports to various South American countries as Mexican goods could be exported South duty free and there would be a duty on all U.S. goods entering South America. We basically lose the potential growth of servicing the second largest potential consumption market in the world.

HOW DOES NAFTA AFFECT THE MAQUILADORA PLANTS? Under NAFTA Maquiladora plants could eventually sell their production in Mexico. Currently they must export 100% of production

NAFTA FACTS

Nafta is more about access to the Mexican market than it is access to the United States market.

There is only a 3.5% duty that keeps most Mexican or other foreign goods out of the United States. Under NAFTA, it will go to zero over five years. Under NAFTA Mexican manufacturers will have to install environmental equipment that will likely add 2 to 3% onto the cost of their goods. This means that NAFTA will be a minus for Mexican manufacturers over the first few years as the duty drops .7% per year.

As Mexico has recovered from its financial crisis of the 1980's and the peso has stabilized, most manufactured goods in Mexico now cost more in U.S. dollars than they do in the United States. The quality of many of these goods is not as good as U.S. goods. We should not be afraid to compete with Mexico. Labor is only a small part of the overall cost in most manufacturing. They do not have the infrastructure to produce efficiently. Electricity in Mexico is as much as 400% more than the average in the United States. The United States has become a very efficient producer. BMW, Mercedes, Honda and others have chosen to locate their factories in the United States instead of in Mexico. They obviously took a look at Mexico and chose us.

Exports to Mexico have grown from $14.5 bln, when Salinas was inaugurated to $41 bln last year due mainly to the unilateral lowering by Carlos Salinas of high duties that kept U.S. goods out of Mexico. Mexican import duties were generally 30% when Salinas was inaugurated as president of Mexico and he has lowered them to an average of 11%. This $26.5 bln per year of new U.S. sales to Mexico has created over 400,000 U.S. jobs. More U.S. jobs will be created as the 11% duty dissappears. This is proof that lowering Mexican duties creates jobs in the United States and most export jobs pay more than regular jobs. If NAFTA passes, our exports are projected to reach $60 bln per year by 1995 (per Sept 10 Kiplinger Washington Letter).

Perot is wrong, an extimated 2% net improvement, after environmental costs or even the full 3.5% for Mexican plants that already meet the environmental standards, is not likely to cause an exodus of jobs to Mexico. If we are going to lose low wage, basic skill jobs to Mexico or Asia, we will lose them whether NAFTA passes or fails. A 3.5% reduction in U.S. duties does not do much to shift manufacturing to Mexico.

Salinas is removing the protection that Mexican manufacturers have enjoyed and is forcing Mexico to learn how to compete. The Mexican president's main goal with NAFTA was to provide better goods at cheaper prices to the average Mexican in Mexico. His secondary goal was to attract foreign investment that would create more jobs and help supply the goods to meet the demand.

Japan started an economic engine in South East Asia by investing in Asia. That economic engine is now feeding on itself. The standard of living in the region is doubling every seven years and it is the fastest growing economic region in the world. It is also the largest potential consumption market in the world.

We have the second largest potential market on our door step and by saying no to NAFTA, we are very likely to lock ourselves on the outside of both Mexico and South America. This will then force our manufacturers that want to access that market to build the plants to feed that market in South America or Mexico. Current Mexican tariffs preclude small and medium sized U.S. firms from competing in Mexico while large firms are forced to build Mexican factories if they want to compete in the Mexican market.

FOLLOWING ARE SOME EXCERPTS FROM THE NOVEMBER 2ND WALL STREET JOURNAL ARTICLE ON NAFTA---

RELATIONS WITH MEXICO AND THE UNITED STATES---

"Failure of NAFTA would seriously impair U.S. relations with Mexico, by weakening the most pro-U.S. president in that country's history and strengthening the ever-present anti-gringo suspicions. That distrust would quickly infect all Latin America. And even more Mexicans, with their economic hopes thwarted at home, would be tempted to try to enter the U.S. illegally."

GROWTH, FREE TRADE, NAFTA AND GATT---

"Failure of NAFTA would cast a chill over the effort to complete a global trade accord under the General Agreement of Tariffs and Trade. Closing that deal will require painful concessions from leaders in Europe, Japan and Third World nations - A failure of the GATT negotiations, in turn, could strengthen protectionism world-wide, with potentially disastrous consequences for global trade and international stability--. At the very least, it wouuld complicate efforts to reduce Japanese trade barriers and ultimately could sap job growth in the United States."

NAFTA will create U.S. jobs for several reasons:

1. The introduction of open U.S. competition is bound to lower prices in Mexico through a combination of lower Mexican profit margins, improved production techniques or the import of U.S. goods; then the Mexican consumer will have more funds to buy more items and a period of more rapid growth will occur, the United States will supply a % of those goods, thereby increasing U.S. jobs.

2. It is a proven law of economics that when a basic economy improves that the first item of increased consumption is an improved diet. Mexicans eat a lot of beans and corn but they would like to eat more meat and potatoes. This is a real winner for Idaho. Mexico does not produce enough sugar, corn, beans or potatoes to feed its people and their population growth is more rapid than ours. Food imports are bound to increase. If NAFTA fails they will try to avoid purchases from the United States.

3. Maquiladora plants will start shipping a % of their production to Mexico which will mean less goods shipped to the United States from these plants.

4. The boom in the sale of U.S. capital goods to help modernize antiquated Mexican factories will accelerate. Most of their capital goods will come from the United States.

5. The environmental equipment required by NAFTA, will likely come from the United States and create U. S. jobs.

6. Small and medium U.S. manufacturers that did not have the capital to build a plant in central or southern Mexico in order to access the Mexican market will be given access as the duties decline. Currently manufacturers must build their plant in Mexico if they are serious about competing in the Mexican market. Under NAFTA, **less Mexican factories will be built for access to the Mexican market**. And lower tariffs will allow small and medium sized U.S. manufacturers to access the Mexican market.

7. Certain industries that need cheap labor in order to compete with the Asians will at least put jobs on our continent instead of in Korea, Malaysia, Taiwan. Remember these jobs will leave whether Nafta passes or not. The 3.5% duty will not stop them.

The enforcement provisions of NAFTA literally apply to Mexico. Where are their environmental standards higher than ours. Where are their labor standards tougher than ours? Where are their quality standards tougher than ours?

Conclusion:

Mexico is giving three times what we are giving in this agreement. They are dropping their current duties from 10%+ to zero and we are dropping ours from 3.5% to zero. The U.S. economy has a growth market on its border. We are in an unusual environment where the developing countries are supporting the economies of the industrialized countries.

We are turning our backs on a neighbor that has been attempting to improve relationships with us and is moving towards democracy and free enterprise. This president is the first free enterprise president in Mexican history.

Due to actions taken by this president in **unilaterally** reducing Mexican duties/tariffs from 30% down to where they are, our exports to Mexico have jumped 26.5 Billion Dollars. If NAFTA fails and if he or the new president puts the duties back where they were when Salinas became president the exports to Mexico will drop by at least 25 billion dollars (750,000 jobs).

Salinas has staked all of his political capital on NAFTA and if we turn it down he will not only be angry with the United States but the next president (1994) will not likely be a free trader because the Mexicans in general will be angry at us too. Would Japan would sign a free trade agreement with Mexico?

5 Pages

MEXICO

BITTER HARVEST: AS MANY AS 395,000 MEXICANS MAY HAVE LOST THEIR JOBS THIS YEAR ALONE

LOUIS DEMATTEIS/JB PICTURES

GEARING UP FOR A 'NO'

SALINAS IS REDOING HIS PLANS IN CASE NAFTA FLOPS

The fate of the North American Free Trade Agreement may be out of his hands, but that's not stopping President Carlos Salinas de Gortari. Mexico's *jefe supremo* is making one last blitz. In recent weeks, Salinas has toured South America, enlisting Latin neighbors to help pressure the U.S. to pass NAFTA. On a European trip in early October, he hinted that others, meaning Europeans and Asians, will be invited to share in the fruits of the Mexican market. Now he's preparing a series of moves to help ease Mexico through the economic aftershocks if the U.S. Congress dashes NAFTA in a scheduled vote on Nov. 18. Ironically, some measures are a lot like the policies NAFTA was supposed to cement in the first place.

Salinas pledged on Oct. 3 that, NAFTA or no, Mexico will spend its $6 billion budget surplus on wage hikes and tax cuts to stimulate the economy. In August, he pushed through legislation to make the central bank independent, a signal that politics won't interfere with economic policy. And aides suggest that immediately after a "no" vote, Salinas would roll out a more liberal foreign-investment law and higher interest rates to keep worried investors from sparkir a run on the peso.

In a way, the lengthy debate (NAFTA in both the U.S. and Mexico h: helped Salinas dampen expectation Many Mexicans are starting to wond just how much of an effect NAFTA w have on their battered economy in ar case. A survey conducted by Baname Mexico's largest private bank, show that when the treaty was first propose in 1990, 67% of those polled thought tl accord would benefit Mexico, providir jobs and investment. Twenty-five pe cent thought it would make little diffe ence, and only 8% thought it would hu Mexico's economy. By August, on 41.5% thought NAFTA would help, whi 36% felt it would make little differenc and 22% thought it would damage Mex co's economy. "It's obvious to everybod that the cost of NAFTA has gone up fo the Mexicans, [while] other importar national priorities have gone on the bac burner," says political scientist Jorg Castañeda, an informal adviser to th Democratic Revolutionary Party, whic opposes the pact.

Certainly Mexicans have reason to b discouraged. By unilaterally openin

Mexico's long-protected economy to foreign competition in anticipation of free trade, Salinas throttled entire industries, such as textiles and toys. The Confederation of Mexican Workers estimates that 395,000 Mexicans have lost their jobs this year alone, as the economy slows to an annual growth rate of 1.4%. The trade balance, which was positive to the tune of $1.67 billion in 1988, showed a deficit of $20.6 billion last year.

Salinas' cheerleading for NAFTA has irritated some Mexicans, who feel he is kowtowing too much to the U.S. Several months ago, he caved in to U.S. pressure and agreed to allow boatloads of Chinese refugees bound for the U.S. to be landed in Mexico for repatriation to China. Earlier this month, as U.S. border officials carried out the controversial "Operation Blockade" along the border near El Paso to cut back illegal immigration, Salinas merely sent a written diplomatic protest to Washington.

The negative publicity may help Salinas prepare for a possible cold shoulder from Washington, but Mexicans are likely to feel the chill anyway. With $23 billion in foreign reserves, Mexico could survive a temporary run on the peso without ordering a large devaluation. Three-quarters of Mexico's $19 billion in short-term debt is held by foreign investors, earning an attractive 13% return. Many could be persuaded to stay put if interest rates were boosted by a few points. But economist Rogelio Ramirez de la O warns that such a move could tip Mexico's economic slowdown into recession. That would cloud the runup to the August, 1994, presidential elections, but de la O thinks Salinas will avoid a devaluation at all costs. "It all depends on how determined the government is to trade off growth for stability," de la O says.

In the meantime, Salinas has his stimulus package, a carefully crafted plan that's part of the government's annual pact negotiated with business and labor. It features a little bit for everyone. Included are real wage hikes and tax cuts for individuals and corporations, a reduction in utility rates, and direct subsidies for Mexico's distressed agricultural sector. The package's $6 billion price tag equals about 1.7% of gross national product, roughly the same as Mexico's public sector financial surplus. Salinas had been saving that surplus for a rainy day. That day has arrived, in the form of a torrent of laments.

Few analysts believe, however, that Mexico would retreat from its open-market policies if NAFTA fails. On the contrary, many think Mexico would take steps to make itself even more attractive to overseas investors. An updated foreign investment law offering new incentives and guarantees is ready to be submitted to Congress as soon as Salinas deems it necessary. A few weeks ago, officials floated a trial balloon suggesting that Mexico's superprotected state oil monopoly, Petróleos Mexicanos, might consider leasing pipelines for private traffic.

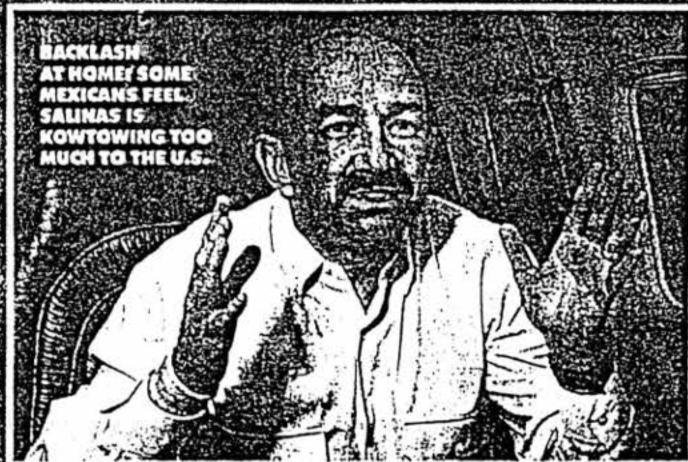
NO MORE FAVORITISM? No one is predicting a serious anti-American backlash if NAFTA sinks. But the soured relationship could scuttle some deals. Key provisions of the free-trade agreement, such as the opening of Mexico's financial markets to U.S. and Canadian banks and brokerages, would be rewritten. "If NAFTA fails, we'll have to ditch all of our plans to expand into Mexico," says one American banker. What's more, top officials say they would open Mexico's doors to bankers from all over the world, eliminating the special welcome mat that had been intended for the North Americans. In fact, Salinas plans to set off on a 12-day Asian tour starting on Dec. 10 to encourage investment. Still, it could take years to compensate: Japan currently represents just 5% of Mexican trade, while U.S.-Mexican trade accounts for 73%.

The economy may well survive a NAFTA defeat, but the political price could be high for Salinas and the PRI. Political opponents are almost gleeful at the prospect of a "no" vote, hoping the PRI's black eye would give them a better shot at winning the presidential elections—for the first time in 65 years. Salinas, meantime, is scrambling to put the best face on things, promising to keep up Mexico's newly polished credentials in the world economy.

For starters, Salinas plans to sign a free-trade pact with Venezuela and Colombia before yearend. In a recent meeting in Chile, Salinas said that approval of NAFTA would end years of conflictive relations with the U.S.: "We are two neighbors that have had a very complicated history, traumatic, particularly for the Mexicans." Clearly, the trauma isn't over yet.

By Geri Smith in Mexico City

SALINAS COMES UP WITH A CONTINGENCY PLAN



KEITH DANNEMILLER/SABA

STEPS ALREADY TAKEN...

- Negotiated a new annual pact with business and labor granting moderate wage hikes, tax cuts, and farm subsidies to stimulate faltering economy
- Pushed through legislation making the central bank independent
- Agreed with Venezuela and Colombia to start a regional free-trade pact, effective Jan. 1, 1994

...AND OTHERS AVAILABLE

- Newly written foreign investment law could be instantly approved to lure more foreign investors
- Boost interest rates to calm jittery investors and to protect the peso from a panic-driven devaluation
- Aggressively pursue new markets for Mexican products, chiefly Asia

DATA: BUSINESS WEEK

OCTOBER 27, 1993

FALSE AND MISSLEADING STATEMENTS FROM PEROT'S "UNITED WE STAND"

ALL OF THE FOLLOWING STATEMENTS WERE STONGLY EMPHASIZED IN UNITED WE STAND'S NEWSPAPER AS REASONS TO VOTE "NO" ON NAFTA. THERE WERE ONLY ABOUT 8 OR 9 STATEMENTS EMPHASIZED AND HALF OF THEM WERE EITHER BLATANTLY FALSE OR AT THE VERY BEST EXTREMELY MISSLEADING.

1. "Only Mexicans can own farm land in Mexico"----

This statement is false. There are limitations on ownership of property within 100 kilometers of the U.S. border or 50 kilometers of the coastline. However, these restrictions allow Non Mexicans to own property through a Mexican Bank Trust or 99 year lease in these zones. Property outside these two zones can be sold to anyone.

2. "U.S. investors in Mexican land are restricted to land based upon its use and, at best, can hold only a minority interest in Mexico's real estate"---

False--Americans can own 100% of Mexican land as discussed above either out right or through a Bank Trust or a 99 year lease. Normal permits are required for land use purposes, such as zoning, etc.

3. "Mexico can keep its auto investment and production restrictions for another 10 years and then extend them at the discretion of the Mexican government"---

Misleading on the first part and False on the second. This is like many of the issues in NAFTA that are phased in over time. The restrictions or duties decline gradually over the ten year period; each year the U.S. is given more access. There are snap back provisions in NAFTA on both sides of the border on most all products that will decide if restrictions are to be extended or changed, but **only** during the ten year transition. This is a protection to both sides and applies to all phased in changes so that emergencies can be accomodated. Mexico cannot unilaterally delay the phase out or replace duties.

4. "Does NAFTA allow Mexican broccoli to be shipped to the U.S. with 5 times the FDA limits of heptachlor? Carrots with ten times more DDT; lettuce with three times more Aldrin and peaches with 50 times more DDT."

FALSE. The importing country does not have to accept food items that do not meet the existing non-discriminatory Federal, State or Local health standards.

5. "When the Mexican Auto workers went on strike, the Mexican police shot several of them and wages were cut 45% when they went back to work"---

There was a strike at the Volkswagen plant in Puebla and there was violence between strikers and non strikers and some died. Volkswagen decided that they were not going to reopen the plant and all the workers were terminated.

Some of the workers went back to Volkswagen and agreed to take salary reductions to cover Volkswagen's loss due to the labor trouble if they could get their jobs back. It was a temporary reduction that the workers agreed to in order to get the plant reopened and when the losses were covered, wages would advance to the contract level. It was a decision between the workers and VW; just as it would be in the United States.

It is obvious that United We Stand has been disseminating False and Misleading information and they should be forced to retract their false statements and apologize to the Mexican government.

THE WHITE HOUSE
WASHINGTON

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WILLIAM A. LOVETT
Joseph Merrick Jones Professor
of Law and Economics
Director, International Law,
Trade, and Finance Program

September 3, 1993

Ms. Hillary Rodham Clinton
The First Lady - The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

RE: Update - Evaluation of NAFTA Side Agreements and Dunkel Draft GATT Round Agreement

Dear Ms. Clinton:

NAFTA Side Agreements have been negotiated. But many believe they are rather weak, and there is widespread public unease about U.S. trade policy. More important, however, and more dangerous, is the proposed Dunkel draft GATT agreement.

Unfortunately, the Dunkel draft Uruguay GATT Round agreement is hardly being reported. Few hearings have been held. There is a real danger that this deal could slip through Congress without any significant improvement since December, 1992, and without careful review of its negative long-term impact on U.S. manufacturing, imports, and exports.

I've taught through both trade deals and their full texts this spring in my International Trade and Finance course. NAFTA entails serious trade risks for the U.S.; clearly NAFTA needed strengthening, and U.S. Mexico trade flows will have to be carefully supervised to prevent excessive U.S. job flight, serious de-industrialization, and major trade imbalances.

Few seem to appreciate, however, that the Dunkel draft GATT agreement would greatly weaken U.S. ability to supervise and regulate our own trade flows. The combination of Dunkel draft GATT on top of NAFTA would substantially aggravate U.S. trade and current account difficulties.

American needs to rejuvenate its industry, not weaken it. We need to eliminate, not aggravate, excessive and damaging U.S. trade and current account deficits. And the U.S. badly needs to enlarge job opportunities on a broad front, not to reduce them.

Enclosed are closely written summaries of the current trade issues. Please feel free to circulate copies among your colleagues and the trade community.

Best regards,

William Lovett

William A. Lovett

Op-Ed Piece

A Better Way on Trade: Move Away from GATT for a Fresh Start

It's time to change American trade policy. We've had at least 15 years of increasingly unequal U.S. trade relations, which helped erode our industrial base. For 12 years we've suffered greatly excessive U.S. trade and current account deficits, totaling $-1,300 billion and $-1,000 billion between 1981-93, respectively. We've transformed the U.S. from the world's leading creditor nation into the biggest debtor country, with an external debt of $-750 billion. The U.S. has become the World "Chump" of trade.

The basic U.S. trade problems are threefold: (1) Unequal and asymmetrical open-ness; (2) Excessive accumulated trade imbalances; and (3) Lack of careful supervision for trade. The first problem, unequal U.S. trade open-ness, began in the Cold War years. Americans opened their markets up more than other nations as a kindness to Europe, Japan, and many developing countries. The slogan was "TRADE NOT AID" as a strategy to build up allies and fight communism. Through successive GATT rounds we largely eliminated U.S. international tariffs, subsidies, and restrictions. But we didn't enforce comparable reciprocity. Multinational companies increasingly adapted to this environment, and began relocating more of their manufacturing elsewhere. We've let things get out of hand.

The second problem, greatly excessive U.S. trade and current account deficits, has been neglected for at least 10 years now. This structural problem was aggravated by a decade of very large U.S. budget deficits, which led to excessive borrowing from abroad, and some 7-8 years of higher U.S. interest rates. But the underlying, and more fundamental source of American budget deficits, was weaker economic growth, a crippled industrial base, and an erosion of competitiveness resulting from our trade policies.

Unfortunately, the $1,300 billion of recent U.S. trade deficits, and the $1,000 billion of current account deficits, have been very costly for Americans. Instead of earning $20-30 billion net interest on capital from abroad annually, we now pay $50-60 billion of net interest to foreigners. We've lost at least 3-5 million American manufacturing jobs, with reduced economic growth and incomes. And in terms of exchange rates, the dollar is

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* Joseph Merrick Jones Professor of Law and Economics, Tulane Law School, New Orleans, LA 70118 (504) 865-5960.

worth less, too. Thus, a dollar was worth 230 yen 10 years ago. Today a dollar buys only 100-105 yen, and Japanese per capita incomes are moving beyond American levels. Heavy and sustained trade deficits have bad national consequences, which should have been corrected for the U.S. years ago.

Third, Americans failed to supervise carefully our trading flows with other nations. The best traders in the world today, Japan, Switzerland, Taiwan, Singapore, and Germany, don't make this mistake. They have learned from harsh experience, and tough international competition around the world. They count every year carefully, and try to maximize gains. In many ways, the U.S. had it too easy in the post-World War II era. We enjoyed too big a lead in industry, technology, shipping, and incomes in 1945, when most of our strongest competitors today had suffered very heavily from the war.

But now Americans must learn from our best competitors abroad. We should enforce equal trading conditions, and promptly eliminate U.S. trade deficits.

Frankly, this requires that we get away from GATT as the only significant guide for U.S. trade policy. For the U.S. GATT has become an entrenched, asymmetrical trading system with heavy advantages for most NIC's and developing countries, and sizeable net advantages for Europe and Japan, too. Other countries are allowed much more scope for subsidizing their industries under GATT, which our federal system and U.S. politics finds difficult to do. And other countries have broad freedom to use marginal cost discounting or dumping strategies in world trade, which badly handicaps many U.S. manufacturing industries (like steel, auto, machinery, electrical equipment, electronics, etc.)

Sadly, the Dunkel draft Uruguay Round GATT agreement, which the Bush administration virtually accepted in December, 1992, doesn't really improve things. In fact, the Dunkel draft substantially weakens U.S. ability to respond and remedy foreign subsidies and dumping. In return, the Dunkel draft offers only modest, and largely illusory "market opening" opportunities for U.S. services, mainly in the financial sector. But most other countries will not turn over their banking and insurance to U.S. firms; they will support their own instead. Recent slumps and unemployment in Europe and Japan have made these trading partners even tougher, with even less willingness to concede markets or jobs.

So--What's the bottom line on the prospective Uruguay GATT round deal now scheduled for December 15, 1993? The U.S. would bind itself even more rigidly into the GATT straight-jacket of unequal trade open-ness. This would benefit multinational corporations, eager to entrench their exports into the U.S. and guarantee their freedom to switch more manufacturing into lower wage countries. But it will guarantee continued U.S. economic stagnation, industrial decline, job losses, with no real progress for the majority of Americans.

NAFTA, combined with the Dunkel draft deal, only compounds the economic and social problems of the U.S. More deindustrialization would probably follow, with weaker U.S. economic performance. There would be no improvement in U.S. poverty, unemployment, drug abuse or criminality. While a case could be made for a stronger NAFTA with closely supervised U.S. trading flows, combined with a rejection of the Dunkel draft GATT agreement, this does not seem to be our current U.S. trade bargaining strategy under USTR Mickey Kantor. No--sad to say, U.S. trade policy under the Clinton administration seems to be <u>NAFTA plus Dunkel draft</u>, despite widespread public unease and opposition from a strong majority of Democrats in Congress.

This Clinton trade policy is a tragic misreading of majority attitudes on U.S. industrial-trade policy. Sixty-two percent of the electorate in November, 1992, supported Clinton and Perot, both of whom campaigned on the need for a stronger U.S. trade policy, and the importance of more jobs for Americans. The uncritical acceptance by Clinton of the Bush NAFTA (with only weak side agreements), and the Dunkel draft GATT deal, clearly undercuts the trade strategy on which Clinton, Gore, and Perot won a large majority vote in last fall's presidential election. The American public wanted and need a better deal for U.S. trade.

What makes better sense for U.S. trade policy? First, our top priority should be the prompt elimination of U.S. trade and current account deficits. Second, suspend further negotiations on the GATT Dunkel draft agreement, insisting upon much stronger U.S. latitude and remedies to offset foreign subsidies, restrictions, discounting, and trade surpluses. Third, insist upon a new era of effective reciprocity for the U.S. and its trade partners.

The U.S. does have a responsibility of kindness and somewhat greater open-ness to the poor nations of the globe. But a better trade regime would be the following:
(a) 10 percent revenue tariffs on all goods from all countries. This would allow low wage countries reasonable access to the wealthier nations, but excessive disruptions would be eased. The U.S. would gain as well another $50 billion or more in budget revenues, badly needed to offset recently excessive U.S. budget deficits.
(b) 20 percent industrial development tariffs for selected infant industries <u>and rejuvenating industries</u>. This would promote economic development for NIC's and LDC's, but allow

mature industrial countries to prevent significant industrial displacement.] (c) 30 percent penalty tariffs to offset subsidies, restrictions, and discounting that injure domestic industries. This would allow more effective and prompt unfair trade practice remedies.
All countries could enjoy and utilize the same tariff regime, and enforce reasonable trade reciprocity together.

National self-enforcement and reciprocity disciplines would limit excessive and unwarranted protectionism. Asymmetrical open-ness and unfair trading privileges would be eliminated. This a better way for U.S. trade policy. Let's get away from GATT, and drop the unequal open-ness of the proposed Dunkel draft Uruguay Round deal.

NAFTA and a special Western hemisphere trading zone still makes sense to offset the European Community bloc and the emerging East Asia trading bloc. Tariffs could always be lowered <u>together</u> among special friends, on a truly reciprocal basis and simultaneously. But the U.S. should discard, reject, and eliminate all trading arrangements that are based upon asymmetrical trade open-ness, and substantially unequal trade flows.

This new U.S. and global trade regime would still allow and encourage large capital movements to developing countries, and to sponsor infant industries. Technology should still flow easily throughout the global marketplace. And the common crafts and engineering skills of mankind would be broadly shared among all peoples.

But the big difference between a new, fair, and uniform tariff ladder of world commerce, and the existing asymmetrical GATT regime, is that the U.S. would no longer be locked into a system of self-destructing, industrial implosion. The current GATT regime, based upon unequal open-ness and a much richer U.S., that could once afford such asymmetries for the sake of subsidizing economic development and MNC's, is simply no longer sustainable. The unequal GATT regime cannot last much longer. The U.S. must learn to defend its own workers, industries, and national economic interests. American need to restore full employment and broadly shared prosperity, to renew the traditional promise of American life, that hard work can earn a good home and future.

Op Ed Piece

Clinton's Triple Challenge:

Jobs, Trade, and Deficits

The Clinton administration needs to solve three tough, inter-related problems. Excess budget deficits must be phased out. Excessive health care costs must be reduced, yet coverage should be extended to the 10-20 percent not adequately covered now. And, overall economic growth should be restored to the post-World War II average; 10-15 million new jobs are needed for the remainder of this decade.

Unfortunately, a misguided and weak U.S. industrial-trade policy could undermine Clinton's good intentions. The issue is not simply NAFTA; the problem is how to upgrade U.S. industry, expand jobs, and get back a fair share of world markets.

On deficit reduction Clinton earns a B or B+ so far. His significant tax increases (mostly on the well-to-do) approach the limit of tolerability, but entitlement spending growth (pensions, social security, and medicare) continues to outpace real per capita GDP. Therefore, more spending discipline is needed, many agree, but at least Congress made a substantial start in 1993. If interest rates remain low and economic growth picks up, further fiscal discipline will be easier.

For health care overhaul Clinton is proposing a mix of broader coverage, payroll taxes, and cost containment. Only limited additional tax burdens are feasible, however, which requires a more imaginative breakthrough to cut health care costs. Unfortunately, our medical establishments probably will resist, and the outcome is in doubt. Nonetheless, Clinton seems to understand this challenge, and the necessity of health care cost control -- both for the sake of long-run budget discipline and economic growth prospects.

On jobs and industrial rejuvenation, a solid public majority favors stronger trade policy, and wants America to defend its own interests more effectively. NAFTA makes many uneasy; the Supplementary Side Agreements worked out by Clinton trade experts are relatively weak. Only modest remedies for import surges or environmental parity are provided, with much lower wages and limited environmental protection in Mexico. Whether a "giant sucking sound" of jobs flows South will depend upon the supervision and enforcement of U.S. trade laws. Labor and

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environmental interests mistrust Clinton's commitment in this area.

This leaves the current Uruguay GATT Round negotiations, scheduled for completion by Mid-December, 1993, as a crucial wild card. If the proposed Dunkel draft GATT agreement, virtually accepted by the Bush administration in December, 1992 were accepted by the Clinton administration, this would permanently lock the U.S. into unequal trade open-ness. U.S. manufacturing industries and domestic employment would be seriously weakened.

The combination of a Dunkel draft GATT deal and NAFTA would largely destroy U.S. ability to supervise its trade flows. Continued American deindustrialization would follow without enough offset in the service sectors.

On the other hand, if the U.S. rejected promptly the Dunkel draft GATT agreement this fall, and we enforced a much stronger, equal trade flow relationship with Japan, Europe, and developing countries generally, then NAFTA could be accepted as part of a useful strengthening of special trade-investment ties with Latin America. In fact, a respectable argument can be made that the U.S. should up-grade Western Hemisphere trade-investment relations as a logical offset to European Unification trends, and the increasing emergence of a very powerful East Asia bloc based upon Japan and China.

But Congress is being asked to vote on NAFTA before the Clinton administration discloses its detailed deal on the pending Uruguay GATT Round deal. Frankly, it looks like NAFTA could be a stalking horse, drawing most of the labor-U.S. manufacturing criticism and flak, meanwhile the Dunkel draft GATT agreement sneaks through with minimal attention and hardly any serious debate. Thus, those interests favoring a unilateral U.S. free trade policy, and opposed to any serious industrial revival effort, will triumph. U.S. markets would become irreparably open, without effective reciprocity.

From the standpoint of American manufacturing, labor, and job prospects, the entrenchment of a unilateral U. S. trade openness policy through the Dunkel draft agreement would be a national blunder. The Clinton administration would condemn itself to economic failure, i.e., relative economic stagnation and minimal growth in jobs. Even if the Clinton era should succeed on the macro-economic front, with improved budget discipline over 5 years, and health care costs are contained, a naive and unrealistic, unilateral free trade policy would largely undercut job growth potential.

No -- if Congress wants the Clinton administration to succeed, it must help force an end to self-destructive, unilateral U.S. free trade policies. The best vote for Congress on NAFTA will be to delay for at least another 6 months. Then we should scuttle the Dunkel draft unilateral free trade agreement, and help the Clinton administration enforce a tougher trade policy, implement systematic industrial rejuvenation, and achieve large scale job growth.

The most important social problems in America, increased unemployment, widespread poverty, spreading crime and drug abuse, are rooted in a weakened U.S. economic base. If America had kept up the economic growth rates of 1945-73, and continued to create large numbers of good new jobs, our tragic social problems could have been alleviated, and steadily minimized. But instead, through tragic shortsightedness, America neglected its industrial and job base. U.S. imports grew to excess, and a lot of our manufacturing moved abroad.

The U.S. accumulated $1,400 billion of trade deficits between 1980-93, and at least $1,000 billion of current account deficits. We went from the leading creditor nation in the early 1980's to the largest debtor nation with around -$750 billion in net external debts according to some reasonable estimates. For a great industrial nation and leader of the free world, this was truly gross negligence in macro-economic policy.

Unlike Japan, parts of Europe, and many NIC's, which kept healthy manufacturing, increased their exports, and invested their capital more wisely, the Americans went on a binge of borrowing (public and private), and simply wasted a great deal of their borrowed investment potential. The most heartbreaking aspect of this neglect is that so few responsible American economists and business leaders really objected.

But we can't afford this blind irresponsibility any longer. Americans must have a stronger trade policy. Now we need to rejuvenate American industry and jobs. We should defer NAFTA, negotiate stronger side agreements, and enforce balanced trade flows with our significant trade partners. The Dunkel draft Uruguay GATT Round agreement should be repudiated. We need to move on promptly to a stronger U.S. trade policy based upon systematic industrial revival, with the goal of full employment in the U.S. by the year 2000.

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The First Lady - The White House
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THE WHITE HOUSE

WASHINGTON

September 23, 1993

Mr. John Doe
123 First Street
Little Rock, Arkansas 12345-4444

Dear Mr. Doe:

Thank you for writing to Hillary to share your concerns about the North American Free Trade Agreement. America's economic growth depends as never before on increasing exports and opening up new markets overseas. My administration is working to increase trading opportunities for all U.S. goods and services.

I believe America will benefit greatly from a comprehensive NAFTA agreement. NAFTA will boost economic growth throughout North America by substantially reducing and ultimately eliminating barriers to trade between the U.S., Mexico and Canada. Canada and Mexico are already America's first and third largest trading partners. In 1992, the United States shipped more than $40 billion worth of goods to Mexico, 22 percent higher than the year before. NAFTA will further this trend by expanding economic opportunities and creating high-paying, high-skill jobs for America and our neighbors.

In order to serve the best interests of the American people, a comprehensive NAFTA package must include effective measures that safeguard our workers and our environment. My administration has negotiated crucial side agreements to NAFTA with Mexico and Canada in order to raise standards where they are deficient, improve the U.S.-Mexico border environment, strengthen national enforcement of national laws, and establish two, independent three-country commissions on labor and the environment. With these crucial elements, NAFTA will contribute to the competitiveness of our companies and our farmers, while elevating quality of life and promoting prosperity throughout North America.

Thank you again for sharing your views about the NAFTA proposal.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

Thank you for sharing your concerns with me on the North American Free Trade Agreement. America's economic growth depends as never before on increasing exports and opening up new markets overseas. My Administration is working to increase trading opportunities for all U.S. goods and services.

I believe America will benefit greatly from a comprehensive NAFTA agreement. NAFTA will boost economic growth throughout North America by substantially reducing and, ultimately, eliminating barriers to trade between the U.S., Mexico, and Canada. Canada and Mexico are already America's first and third largest trading partners. In 1992, the United States shipped more than $40 billion worth of goods to Mexico, 22 percent higher than the year before. NAFTA will further this trend by expanding economic opportunities and creating high-paying, high-skill jobs for America and our neighbors.

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Sincerely,

Bill Clinton

Hillary Rodham Clinton
The White House
Washington, D.C. 20500

08/30/93

Dear Mrs. Clinton,

My name is Jim Teyechea. I live in Nogales, Az. I am 44 years old. I have an 18 year old son and a 13 year old daughter. My daughter's name is Liana. She is the most special person in my life. My son is somewhat lost. Maybe he will come around... maybe he won't. I am divorced like many people in this country. Unlike most people, I have cancer. I suffer from Multiple Myeloma, cancer of the red plasma cells. A lot of people refer to it as cancer of the bone marrow. It is a fatal form of cancer as there is no cure for it. I probably will live less than a year.

I am not writing you to tell you my life story or to ask for pity or anything from you. I am writing you because I am so angry that I can no longer see straight. You and your husband, whom I have lost all respect for, ought to be completely and totally ashamed of yourselves. I know that I am. You and everyone else in that ugly and terrible city that you call home are bought and paid for. I am writing to you and not to your husband because I realize that anyone who has become president of the United States cares for nothing other than his political career. What am I so angry about? Too many things to count but I cannot tolerate your and Bill's stance on NAFTA. I am sick and tired of hearing nothing but lies and propoganda coming out of the White House and everywhere else in Washington, all of it pushing for NAFTA. You are bought and paid for and President Clinton is bought and paid for and none of you give a damn about me or my daughter or the lives that we are living here on the border.

We are being slowly poisoned. We are being slowly murdered. And you and Bill are pulling the trigger. Just as sure as if you were here doing it yourself, you and him and the rest of the animals that are pushing NAFTA on us are killing us. And you don't give a damn, do you! To you and the rest of your ilk, our lives are valueless. You cheapen and demean our lives with your lies and your propoganda. All you give a damn about is what serves your own interests or the interests of those people or corporations that have paid for your services. Corporate profits and jobs for Mexico... **BULLSHIT!!!**, Mrs. Clinton. Death for me and death for my daughter... and you don't even know what it is that you are doing.

In 1967, Mexico wanted more jobs so they sold the U.S. the "maquiladora" program and we on the Border have been dying ever since. Nogales' air is unbreathable... did you know that? Do you even give a damn? It is filled with ugly, black, noxious, poisoned smoke! But there is a catch. It is invisible. You can't see it. We never knew what was being done to us. We were sold a bill of goods. Our local chamberpot of commerce, 25 years ago, told us that it was "clean industry" and that we would all benefit from it. The only business that benefited was the local funeral parlor. In fact, they did so well, that the owners were able to sell out to a large franchise from Tucson for big money. VOC's, Mrs. Clinton. Do you know what they are? Volatile organic compounds! They come from the solvents that are used at almost all of the 89 maquiladoras that are located in Nogales, Mexico. They are found at levels of up to 66,000 times the maximum contaminant level allowed by the EPA here in the United States and they are vented into the air. The prevailing winds then carry them northward along the Nogales Wash and we breath them. Our parents, our brothers and sisters, our cousins, our uncles and aunts, and worst of all, our children, Mrs. Clinton. We breath all this poison in and we sicken and we die and nobody knows why. And nobody cares, least of all you and Bill and the rest of your Pro-NAFTA goons. To you we are dogmeat. To you our lives are nothing more than the cost of doing business. To you, we are the "lambs" that will make the sacrifice for the "greater good". And what makes it absolutely intolerable is that there isn't a damn thing that I can do about it. Who is going to listen to me? My life is worth nothing to you and your "establishment" so why should my words carry any value? I am angry, Mrs. Clinton, and all your degrees and your fancy titles and all of the bullshit that surrounds and fills your life is useless to you in hearing what I am telling you.

I am president of a group called L.I.F.E. here in Nogales. It stands for Living Is For Everyone, Inc. We are a non-profit group that is investigating the incredible rates of cancer and lupus that we have here in Nogales. We have only 19,500 people living here but we are getting around 40 new cases of cancer each **MONTH!!!** That is around 500 new cancers per year! And the children suffer the most. In the last two months we have had 3 more kids go down with leukemia. We are the ones that are paying for the ignorance that is rampant in Washington, D.C. We are the ones who are paying for the greed and the vice and the buy-offs and the pay-offs and the fees that Washington charges for influence peddling to whomever has the money to pay. I am paying with my life. And I live in terror that my daughter will someday have to pay with hers.

I don't expect you to help. I don't even expect you to care what happens to us. You have your own agenda and our lives don't even make yours or Bill's top 100 list. I am through deluding myself that my government or even my country gives a damn about me or my family. But I want to try to make you hear. I want to try to make you see. I am going to die and probably pretty soon. And the only thing that I ask of you is to look at yourself in the mirror and read my letter to you while you are looking into your own eyes. I want you to see that you and your husband are selling this country a bill of goods and asking us on the Border to take a blank check from Mexico that isn't even worth the paper that it is written on. I want you to see how you have made corporate profit the main issue and the environmental issues are simply "side" issues that unfortunately have to be dealt with. I want you to see that you and Washington have turned my life and my daughter's life into nothing more than a "side issue". How are you going to see this? You never will but I have to try. Send Chelsea to Nogales, Mrs. Clinton. Enroll her in the Nogales Public School System and let her go to school with my daughter. They would be great friends, I guarantee you. Liana is charming, intelligent, and has a real grasp of life for just being thirteen years old. She wants to become a doctor or a scientist and her goal is to go to Brazil and save the rain forests and the people living there. Send us your daughter, Mrs. Clinton. Let her breathe the same air and take the same risks that you and Bill are so blithely asking us to take. Feel the fear every-time she gets sick and you are worried that it is more than a cold or just the sniffles. Feel the sense of anguish when you tell your friend that it is just the sniffles only to be told that their daughter has just been diagnosed with leukemia or lupus. If you really believe all this crap that your husband and Mickey Kantor and all the other "government representatives" are saying, then you will take the risk, won't you?

No, Mrs. Clinton, you won't! And you know why you won't? Because you love your daughter just as much as I love mine and you would never expose her to any risks like we have here because of that love. And there is another reason too. Because I care a lot more for your daughter than you do for mine. I would stop you from bringing Chelsea here. I hate it when our children sicken and I abhor it when one of them is diagnosed and I would save them all if I could. I would save my child, but I would also save yours. Do not send her here even to visit, Mrs. Clinton. Nogales is not a nice place to visit and it is a deadly place to live. And you and Bill and Carlos Salinas de Gotari and going to make it even deadlier. I'm not looking for anything from you except one thing. I want you to know what it is that you are Bill are doing. I want you to understand that you are killing us. This place is our home. We will die here... you just know what it is that you have done.

And know one other thing. Know that no matter what you and your husband do or think or believe... know that you are wrong. Our lives, the lives of all the Americans living on the border are valuable and have great meaning. You can destroy them and you can cause them to be lost and you can try to devalue and demean them and you can physically succeed, but morally, ethically, and spiritually you cannot do any of these things.

There are things that you must know. I am not going to try to fill you up with statistics because you already have your own and you will use the ones that suit your needs. But know this and know that I speak the truth. We have already had NAFTA here in Nogales and all along the border. We have had our own mini-NAFTA for the last 25 years. Listen to me! I went through the death certificates at the local mortuary last October. I looked at around 1,000 death certificates going back to 1986. Out of these 1,000, around 400 showed no cause of death whatsoever. Of the remaining 600, 290 of them showed cancer either as the principal cause of death or as a contributing factor to the death. Almost half, Mrs. Clinton!!!! I did this! I saw this! This is real! In Nogales, Sonora around 40% of the homes (if you can call them that) don't even have indoor plumbing or sewage facilities of ANY type. When it rains, the raw sewage runs down the hills and gets into our drainage and water system. Over one-half of the homes in Nogales Sonora don't have running water. Most people are forced to store their water in 55 gallon barrels or drums that were used by the maquilas to store their solvents in. According to the law, these drums are to be punctured and crushed so as to never be used by humans in this manner, but the maquilas get between $20.00 to $25.00 for each drum from the poor people. Over 60% of the population in Nogales, Sonora drinks contaminated water. Do you want to hear about it? VOC's again, Mrs. Clinton. Trichloroethene (TCE),tetrachlororethene (PCE), trichloroethane (TCA), and dichloroethylane (DCA) are the primary ones. We find these mostly in the water. In the air it is even worse. There we have benzene, ethylbenzene, toluene, xyelene, vinyl chloride, and poly chloroprene (Neoprene). In Nogales, Sonora we have verified 22 anencephaletic births. We have not been able to account for spina bifida or Downs Syndrome or other neural tube defects because the Mexican government has put a gag in everyone's mouth. They want NAFTA and frankly, my dear, they don't give a damn (about anything else). We have no representative for SEDESOL (Mexico's EPA) in Nogales, Sonora. He was hired away for more money by the maquilas.

Mexico just recently finished a study on neural tube birth defects within their country. The results were to be expected. Cameron County, Texas has the highest rate within the U.S @ 38 per 100,000. The Mexican report showed Nuevo Laredo, on the Texas border, as the highest with 15.8 per 100,000. Next was Matamoros across from Brownsville, in Cameron County, with 15.1 per 100,000. Third was Nogales, Sonora with 14.8 per 100,000. There is no doubt in my mind that these figures were altered or doctored to make them look "not so bad". Add 38 to each figure (Cameron County's rate) and you are probably looking at the real figure. The point is that the three highest ranking cities in Mexico for neural tube birth defects (environmentally caused) are right along the U.S./Mexico border where there is the highest concentration of maquilas. And you and Bill want to open it up for more? It is insane, Mrs. Clinton. For the love of God, open your eyes. You wouldn't put your own daughter here. Why will you do this to our children?

Listen to this! ATSDR just released the Priority List of Hazardous Substances. It contains the 217 worst or most dangerous hazardous substances related to human health. The first five on the list are as follows: 1) lead; 2) Aresenic; 3) metallic Mercury; 4) Vinyl Chloride; and 5) Benzene. We are in the news here in Nogales for our high lead contents in both our air and our drinking water. We have suffered through several aresenic spills on both sides of the border (none of them accidental). We have consistently found Mercury as a trace metal in our washes. Our air is full of vinyl chloride and benzene is the worst of our VOC's. Five out of five! How do you like that, Hillary? Again, I ask you... you wouldn't expose your own daughter to this poison... Why do you and your husband feel that it is perfectly okay to expose our children to it? Worse than just condoning it, you and he actually support it. You endorse it.

It is all about money. We have a real slob of a mayor here in Nogales, Mrs. Clinton. His name is Jose Guadalupe Canchola and he is the biggest fraud in Arizona since Charles Keating. He owns four McDonald's franchises and he supports NAFTA because his personal financial profile stands to grow substantially with the new franchises that he will open when and if NAFTA goes through. He doesn't give a damn about Nogales! All he cares about is himself. And it starts here with a short, fat greedy mayor and it doesn't stop, does it? It goes all the way to Washington, D.C. and all the way to the top. Where do we go for justice, Mrs. Clinton? Where do we go to hear the truth? Where can we go to speak the truth? Who will listen? Worse, who even cares anymore? I used to love this country. Now... I feel only shame.

I do not apologize for anything that I have said in this letter. I do not apologize for either my anger nor my language. I mean every word that I have written. I feel only deep shame for a country that values money more than human life. And I feel even deeper shame and utter contempt for the leaders of this country who propogate and encourage the greed that is killing us. Live a long and prosperous life, Mrs. Clinton. I wish you and your family, especially your child, good health for as long as God allows it. Think about us often, will you? Think about my daughter and how much I love that little girl. Think about the kids with leukemia, dying and if they are lucky, only losing their childhood so that Carlos Salinas de Gotari can put more people to work for $5.28 per day and you and Bill can go to your cocktail partys in your fancy clothes and tell each other what a wonderful thing you have done for America. Think about me, Mrs. Clinton. I have been poisoned. I have been murdered by the system that you support. I will never see my grandchildren. I will never dance with my daughter at the Heart Fund Ball or at her wedding. I have been robbed of my life for corporate profit. Think about me often, Mrs. Clinton. I was a good man.

Jaime C. Teyechea Jr.

Jaime C. Teyechea Jr.
P.O. Box 884
Nogales, Az. 85628
(602) 287-7114

P.S. One last thing. Do you even know when Mexico passed its first ever environmental law? This will drop you in your tracks. Mexico passed its **FIRST EVER** environmental law in 1988... just 5 years ago. The maquilas have been over there dumping hazardous waste damn near anywhere they wanted for over 25 years. Do you have even the vaguest idea of what a nightmare they have created just across the border? Can you, in your wildest nightmares, imagine what they have done over there that is yet to be seen? We haven't even touched the tip of the iceberg yet and you and Bill want to completely open everything up. We don't even have roads, much less paved ones, and you want to bring another 89 maquilas and another 100,000 people to Nogales, Sonora. I wish God would give me a way to make you see what it is that you are doing. You are blind and you are deaf! But you are sure going to please your buddy Charly Salinas. Bully for you or as he will say to you, "Olè y Olè". Viva Mexico!

Jaime (Jim) Teyechea
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1993

First Lady Hillary Rodham Clinton
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Personal and **Urgent!!!**