

THE WHITE HOUSE

WASHINGTON

November 15, 1993

Dear Mr. Speaker:

As we approach the end of an intense debate over the North American Free Trade Agreement (NAFTA), I want to share with you my reasons for believing Congressional approval of NAFTA is essential to our national interest.

We share a commitment to ensuring that our country has the world's strongest and most competitive economy, to maintaining and creating jobs for our workers, and to making sure that opportunities are there for our children as they join the workforce of the future. That is why I am fighting for the approval of NAFTA. I am convinced that it will help strengthen our economy -- in the near term and in the long run.

Our nation's prosperity depends on our ability to compete and win in the global economy. It is an illusion to believe that we can prosper by retreating behind protectionist walls. We will succeed only by ensuring that we have the world's most competitive companies, productive workers, and open markets in which to sell our manufactured goods, services, and agricultural products.

I understand that NAFTA is, for many, a reminder of the economic hardships and insecurities that have grown over the past 20 years. Obviously, NAFTA did not cause those problems. In fact, it is part of the solution. We are world-class producers of everything from computers and automobiles to financial services and soybeans. We can compete anywhere, but we need to ensure that markets around the world are open to our products.

Mexico represents an enormous opportunity for our businesses, our workers, and our farmers. Exports there have already soared since 1986, when Mexico began to open its market and lower trade barriers. But the status quo in the trading relationship -- in which Mexico's trade barriers are far higher than ours -- is still unacceptable. NAFTA represents both free and fair trade. It changes the status quo by wiping away the Mexican barriers.

NAFTA provides us preferential access to the Mexican market: 90 million people, in one of the most dynamic growing economies in the world, who look to us for consumer goods, agricultural products and the infrastructure needed to build a modern economy. It is the gateway to the fast growing markets of Latin America, which are also opening, where we have a natural advantage over Japan and the European Community. Turning away from this opportunity would be a serious self-inflicted wound to our economy. It would cost us jobs--in the short and long term.

2

Many opponents of NAFTA say that they don't oppose a trade agreement with Mexico. They say they just oppose this NAFTA, and suggest that it be renegotiated. We should be under no illusions. This is a far-reaching and fair agreement. It was negotiated painstakingly over three years with input from a broad array of groups, and it is in the best interest of the United States, Mexico and Canada. It represents an unprecedented effort to include in a trade agreement provisions to enhance environmental protection and workers rights. It was negotiated by a Republican President, and endorsed and strengthened by a Democratic President. If it were defeated, no government of Mexico could return, or would return, to the negotiating table for years to come. Mexico would turn to others, like Japan and the European Community, for help in building a modern state--and American workers, farmers, and businesses would be the losers.

Of course, NAFTA is not a magic bullet for all our economic problems. But there is no question that NAFTA will benefit every region of our country. It is no accident that NAFTA has the support of more than two-thirds of the nation's governors and Members of Congress from every part of the nation. They understand the benefits that will flow to their states, regardless of region.

My main reason for supporting NAFTA is that it will be good for the competitive U.S. economy that we are trying to build. But there is another critical issue that I ask you to consider. After World War I, the United States chose the path of isolation and protectionism. That path led directly to the Depression, and helped set the world on the path to World War II. After World War II, we chose to engage with the world, through collective security and expanded trade. We helped our allies rebuild, ushered in a period of unprecedented global economic growth, and prevailed over communism.

Now we face another defining moment. The rejection of NAFTA would set back our relationship with Mexico, and Latin America beyond, for years to come. It would send a signal that the world's leading power has chosen the path of pessimism and protectionism. It would gravely undermine our ability to convince other countries to join us in completing the Uruguay Round, which is essential to expand trade and enhance global growth.

Rejecting NAFTA would, quite simply, put us on the wrong side of history. That is not our destiny. I ask the House of Representatives to join me in choosing the path of expanded trade, to make the decision to compete in the world, rather than to retreat behind our borders. We are a great country, and we cannot shrink from this test.

Sincerely,



The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

Bernard Aronson

NAFTA: Key to Latin Reform

What is closest to us is sometimes hardest to see. While we debate the shape of the post-Cold War world—the “new world order”—its most hopeful outline is emerging here in our own hemisphere. Consider:

Defending Democracy. This is the only region in the world that has taken on a formal, collective responsibility to defend democracy. The Organization of American States is the only regional organization to have assumed such a role. The “Santiago Declaration,” adopted unanimously in June 1991, binds the nations of our hemisphere to confront together any threat to any democracy in the Americas—regardless of whether that threat poses a larger danger to regional peace or security.

When Guatemala’s president tried to assume dictatorial powers in May, the hemisphere’s democracies immediately imposed collective sanctions and dispatched a high-level OAS mission to talk tough to the military. That, along with a strong internal reaction, thwarted the coup and led to the election of a former human rights ombudsman as president. In another era, a coup in Guatemala barely would have created a political ripple in the wider hemisphere.

Controlling Weapons of Mass Destruction. To stop the spread of weapons of mass destruction elsewhere, the United States and its allies have embargoed outlaw nations, cut aid, or even—in the Persian Gulf—gone to war. In this hemisphere, the two likeliest new entrants to the nuclear club, Brazil and Argentina, voluntarily placed their nuclear programs under full-scope international safeguards in 1990. They agreed, also, to waive into force the treaty of Tlateloco, which bars nuclear weapons development in Latin America.

Argentina voluntarily dismantled the Condor II ballistic missile program, which was financed secretly by Iraq under an earlier government. Argentina has now joined the Missile Technology Control Regime, the group of democracies that cooperate to stop missile proliferation. Chile, Brazil and Argentina signed the Mendoza declaration forswearing biological and chemical weapons of war.

Resolving Regional Conflicts. Of the four regional conflicts that were a legacy of the Cold War—Angola, Afghanistan, Cambodia and Central America—only the Central American conflicts have been resolved, with strong assistance from regional players. U.N. Secretary General Boutros Boutros-Ghali called the cease-fire in El Salvador “the most successful in U.N. history.”

Peaceful Settlement of Disputes. El Salvador and Honduras, which fought a bloody border war in 1969, submitted their territorial differences to the International Court of Justice last year and accepted the findings. Chile and Argentina, which nearly went to war in 1978, recently resolved their territorial disputes through negotiations. Peru and Ecuador are quietly negotiating a solution to their 50-year-old disputed boundary.

Rather than threaten their neighbors, Latin

American armed forces are increasingly engaged in international peace-keeping missions: Argentines in Croatia and Kuwait, Brazilians in Mozambique, Uruguayans in Cambodia, Venezuelans in El Salvador and Hondurans in Morocco.

Open Markets and Economic Reform. While the United States continues to cajole and pressure its European Community and Japanese trading partners to open their markets, Latin American nations have been unilaterally lowering tariffs and removing nontariff barriers. Today, Mexico, Chile, Argentina, Colombia, Venezuela and Bolivia all boast an average external tariff of 9 to 12 percent. A few years ago, it averaged 100 percent. Argentina eliminated all barriers to foreign investment. Brazil opened up its informatics sector. Mexico adopted a world-class intellectual property rights law.

The structural economic reforms, which are being tried haltingly in the former Soviet Union and Eastern Europe, already represent a success story in much of this hemisphere. Bolivia reduced inflation from 25,000 percent in 1985 to single digits today. Argentina’s recent sale of its state-owned gas and oil company is the largest privatization in history. Chile has lifted 600,000 citizens out of poverty. Real wages are rising in Mexico. As a region, Latin America today is growing faster than the countries of the Organization for Economic Cooperation and Development and boasts a lower fiscal deficit as a percentage of gross domestic product. Last year, \$57 billion in capital flowed into the region—10 times the level of 1989.

No nation has a greater stake in seeing these trends continue than the United States. Consider:

- Latin America is the fastest growing regional market in the world for U.S. goods, services and agricultural products. U.S. exports to the region jumped 46 percent over the past two years.
- When Saddam Hussein invaded Kuwait, Venezuela—our second largest oil supplier—voluntarily increased production by more than 2 million barrels a day, sparing the United States and the West a far more damaging bout of inflation. Argentina sent its naval forces to the gulf.
- When the United States sponsored a U.N. resolution in 1991 to repeal the heinous “Zionism is racism” resolution, every Latin democracy signed on as a cosponsor.
- In the GATT negotiations, Latin agricultural producers support the U.S. position.

Now Latin America wants to know: “Can the United States take yes for an answer?”

We will answer that question dramatically when Congress votes on the North American Free Trade Agreement. For Latin America, the promise of hemispheric free trade—starting with NAFTA—fulfills an age-old dream of hemispheric integration. It symbolizes what Latin Americans have long hoped to build with North Americans—a partnership based on dignity and shared opportunity, a relationship built on “trade not aid.”

The ratification of NAFTA would accelerate economic reform throughout the hemisphere as individual nations and regional groups jockey to be next in line after Mexico. It would also help consolidate democracy.

It is not an accident that during a process of economic reform, Mexico has begun a democratic opening, or that Venezuelans signaled disgust with their ruling parties or that Brazilians rebelled against official corruption. As we saw in Taiwan and South Korea in a previous decade, removing statist, bureaucratic controls over economic life also opens up political systems in the hemisphere to new democratic forces, energies and demands. But the converse is also true.

The defeat of NAFTA would give a new dose of oxygen to dying populist, nationalist, statist forces throughout Latin America. It would strengthen traditional economic cliques, which have grown rich by manipulating and sometimes corrupting their political systems to shut out competition at the expense of ordinary citizens. For the democratic leaders and economic reformers who placed their trust and political fortunes in forging a new relationship with the United States, the defeat of NAFTA would be the slap heard round the hemisphere.

The historic mistake of the United States is to turn away from Latin America at times of apparent calm, only to discover later that problems beneath the surface have festered into crises and historic opportunities have been lost. We should have no illusions about the consequences if we repeat that mistake.

The democratic and economic trends in the hemisphere have never been more hopeful. Yet, deep divisions persist between rich and poor, citizens of Spanish and Indian heritage, and civilian and military institutions. Of the region’s 450 million citizens, 190 million live in grinding poverty. “Can democracy deliver for the millions left behind?” is the question hovering over the hemisphere.

If NAFTA is ratified, and the United States remains engaged, the Americas can become a true community of nations, committed to the collective defense of democracy, linked by open trade and widening prosperity, and dedicated to the peaceful resolution of disputes. This hemisphere can become a model for others of what the post-Cold War world can be.

If NAFTA is rejected, we will squander that opportunity. We will betray the most courageous reformers in Latin America’s history and the hopes that are riding with them. And we will betray ourselves.

The writer was assistant secretary of state for inter-American affairs from June 1989 through June 1993.

copies provided to:

VP
Mack McLarty
Bill Daley
Rahm Emanuel
Howard Paster
George Stephanopoulos
David Gergen



JIMMY CARTER

NOV 3 09:58

November 3, 1993

To President Bill Clinton

It was good to see you again yesterday at the NAFTA rally. The array of assembled leaders was quite impressive, and I'm sure you realize that all of us are eager to be of help. However, without follow-up requests, most of those in the room will not do anything further to recruit Congressional votes. The fact is that we were talking to each other, and got very little news coverage.

Let me give you a few thoughts, mostly based on my experience in inducing 68 U.S. Senators to vote for the Panama Canal Treaties 15 years ago. The memories are still vivid.

1. This is one vote that you cannot afford to lose. Not only is your reputation as an effective leader at stake, but the fate of health reform and other key issues will be affected by the outcome of this one. All of us, presidents, cabinet members, and others, know the deleterious impact of NAFTA's rejection on our own country and our relations to other countries in this hemisphere.

2. With no criticism intended, I don't believe there is an adequate full court press yet mounted. My impression is that there are just a few White House staff members who feel that the responsibility for NAFTA is on their shoulders. Some still seem to doubt the wisdom of going all out on NAFTA. If a real maximum effort is maintained, this knowledge in itself will change public opinion and gain congressional support. Everyone has to know how extremely important it is to your entire administration. There is still some doubt, as expressed in yesterday's Wall Street Journal.

There is no time to lose. This is not the kind of vote that can be changed during the last few hours.

Page 2

3. Mature and experienced Congressional relations leaders from the past three administrations should be assembled immediately, and their personal advice and commitment requested. This will not be interpreted as a criticism of your own staff. Frank Moore, Les Francis, Jim Free, Valerie Pinson, Dan Tate, Bob Beckel, Bill Cable, Terry Straub, and others have been through it with me, and would be honored to be asked personally by you to help. Presidents Reagan and Bush had similarly dedicated and effective assistants. They know the Congress, have dealt successfully with close and difficult votes, and most of them could afford to take a few days off from their present jobs to help.

4. The key is SPECIFICITY. Each Member of Congress, no matter what the present commitment might be, should be specifically assigned to one or more of your own or recruited persons. Divide all Members up among your cabinet officers, and insist on reports back from them to insure that they are working. Their congressional liaison staffs should also be focused on NAFTA for the next two weeks. In addition, Iacocca might help with Members associated with the auto industry, Bob Bergland with those in a farming area, Kissinger with those in foreign relations, etc.

A complete record of every contact with a Member of Congress should be maintained.

5. Every hint or request should be seriously considered, whether related to trade or not. In a showdown between you and Dave Bonior, the odds are on your side. Yesterday, for instance, Congressman Dickson from the Savannah area expressed a hope that he would be invited again to the White House, and is deeply interested in ports, poultry, and forest products. The poultry industry is for NAFTA. Alcee Hastings said he would not let his vote defeat NAFTA, but needs to have winter vegetables protected. Your staff members have a record of other comments made to me yesterday.

6. Don't give up on any Members, even those now marked off as "against." During the last 48 hours before the Panama Treaty vote, I called every Senator who was considered to be lost, traded with them, and picked up the three votes I needed.

7. The business community, with their good treasure, PAC contributions, and importance of employers in congressional districts have been remarkably ineffective. In many cases, they can match labor's influence if equally dedicated.

Immediately, a strong and persistent advertising campaign should be mounted. The best approach would be a low key TV ad similar to the one promoted by the insurance industry that has been so effective against health reform -- just a discussion between two ordinary people, maybe in front of an auto assembly plant. Another idea worth pursuing is the dramatization of Japanese eagerness to fill the vacuum in this hemisphere after a NAFTA rejection.

Page 3

You might have to mount public and legal pressure on the major TV networks, who have been willing to broadcast Ross Perot's diatribes but have refused to accept ads by Lee Iacocca.

8. Continue to bring into the White House key constituents of doubtful Congressmen, including local labor leaders. The textile and apparel industry might be particularly receptive.

9. I don't think anyone can turn the Black Caucus around or recruit defectors except you, personally. Hopeless as a group, individual members can still be persuaded.

10. Now that Florio has lost, bring in Carville to help. He had some good ideas in a New York TIMES OpEd piece yesterday.

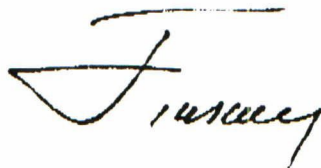
11. Don't underestimate the potential courage and patriotism of some Members of Congress, who will bite the bullet and vote for what is right in spite of local political pressures. Still, they must have a good argument for the folks back home.

12. When necessary, and without violating specific commitments made to Mexico and Canada, deal on trade issues. It's better to give up a little on sugar or apparel than to lose. Like Panama, Mexico will have to accommodate your decisions.

13. Concise and pointed letters from former presidents and cabinet officers to every Member of Congress might help. These should be crafted to accommodate the concerns expressed by doubtful Members.

These are a few ideas, hurriedly compiled. I am sure that you, Al, Mac, Bo Cutter, Bill Daley and others have many more. All of them should be pursued.

Best wishes,

A handwritten signature in cursive script, appearing to read "Jimmy Carter".

The Honorable Bill Clinton
The President
The White House
Washington, D.C. 20500-2000

Grunwald, Eskew & Donilon

12/2/93 P3:18

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: M DATE: 12/2/93

2019-0774-5-2

CONFIDENTIAL

MEMORANDUM

TO: President Bill Clinton (1)
Vice-President Al Gore (2)
Mack McLarty (3)
David Gergen (4)
George Stephanopoulos (5)
Mickey Kantor (6)

FROM: Mike Donilon and Carter Eskew

RE: NAFTA Polling Memo

DATE: October 19, 1993

Mack/Gergen
— This is very good —
Shows we should keep
message —
Do men on trade advantage
of men women, smaller
train way to next week
B.
— Q: is there date
on public reaction to
consequences of not doing it?

Following are the highlights from a national telephone survey of 1,200 registered voters. The survey was conducted from September 26 to September 30 by trained, professional interviewers. The margin of error is +/-2.9%.

I. THE CONVENTIONAL WISDOM IS WRONG

- The conventional wisdom is that NAFTA is an insider's issue, driven by the pressure-cooker of special interest politics. However, NAFTA is no longer an insider's game-- *nearly nine in ten Americans have heard, read, or seen something about NAFTA in recent weeks.* This creates a tremendous opportunity for the pro-NAFTA forces: Now this argument can be driven by the broader national interest rather than by the narrow agenda of the special interests.

2. The conventional wisdom is that NAFTA is currently strongly opposed by the public. In fact, *support for NAFTA outruns opposition today: 44% of the country supports NAFTA, 40% opposes NAFTA, and 16% are undecided.* These numbers are particularly remarkable given the fact that Ross Perot and the anti-NAFTA forces have been engaged in a relentless assault on the agreement. Further, these current numbers reflect the impact of the best anti-NAFTA arguments. In short, even a sustained negative attack, employing their very best arguments, has not moved the public against NAFTA. One other reason these numbers are remarkable: The best pro-NAFTA arguments have yet to be used. In sum, the public is supporting NAFTA-- the issue is whether the Members will.
3. The conventional wisdom says that Democrats are opposed to NAFTA. In fact, *51% of self-identified Democrats support NAFTA today.* Other strong supporters of NAFTA: Liberals (53% favor), Moderates (51% favor) and Suburban voters (51% favor). Surprisingly, even 34% of Labor Union Households support NAFTA.
4. The conventional wisdom is that NAFTA cannot survive the give-and-take of attack & counterattack style politics. In fact, not only does NAFTA stand up to the very best attacks that the anti-NAFTA forces have to give, *support for NAFTA actually rises to a majority of the electorate after the give-and-take:*

	<i>Pre-Information</i>	<i>Post-Information</i>
Favor NAFTA	44%	51%
Oppose NAFTA	40	45
Don't Know	16	4

II. THE PRO-NAFTA ARGUMENT MUST CHANGE

Right now, the public is more supportive than not of NAFTA, even though the best arguments for NAFTA have yet to be made in a sustained fashion. This process of shifting message has begun, but it must be accelerated.

The jobs argument is not a winning argument for NAFTA. When the pro- and anti-NAFTA side of the jobs arguments are put forth, the anti-NAFTA side wins by a 53% to 42% margin. The reason: Voters find the argument that jobs will be shipped to low wages in Mexico persuasive.

Now, it is important to point out that *we have managed to muddy the jobs argument.* We have presented our figures of 700,000 jobs saved & 200,000 jobs created; they have presented their argument of 500,000 jobs lost. We have reached a threshold of credibility on the jobs issue. However, the key now is to move the debate elsewhere.

Two other arguments that also fail to advance the ball much for the pro-NAFTA side: (1) Immigration-- the anti-NAFTA side wins the immigration argument by a margin of 61% to 34%;

(2) The environmental argument-- this is a stand-off, with 48% agreeing with the anti-NAFTA argument and 46% agreeing with the pro-NAFTA side.

III. THE PRO-NAFTA MESSAGE

There are essentially three prongs to the most effective pro-NAFTA message:

- (1) NAFTA means selling American-made products in foreign markets. We need to make NAFTA real to people: *It means selling American-made cars, computers, telecommunications equipment and other products in Mexico.* It's on the tail-end of this argument that we can make a jobs claim: The jobs argument is not that NAFTA will open markets & create jobs so much as it is NAFTA will make it possible to sell more & more of our products in Mexico and that's what will create new jobs. Specifics on this topic matter-- NAFTA means selling 60,000 more cars and billions of more dollars in computers & telecommunications equipment in Mexico.

One other point: It is critical to talk about the Mexican market, not the Mexican consumer. Few people believe that Mexicans spend \$481 a year on American-made products; however, the overwhelming majority of Americans believe that Mexico spends \$40 billion a year on our products--- and that's growing.

In addition to making the case that NAFTA means selling American-made products, it is important to raise the following issue in the public's mind: *If we don't sell our products in Mexico, guess who will?* We need to inform the public that if we don't take the deal, the Europeans & Japanese will-- which will mean that American will have lost out in yet another market, this one right in our backyard.

- (2) NAFTA finally gives America a competitive advantage over Europe & Japan. After years of playing on unfair playing fields, *NAFTA, for once, gives America the upper hand.* This not only means that American-made products will have an advantage in Mexico, it also means that America will now be leading the largest & most powerful economic market & trading alliance in the world. The issue for the anti-NAFTA forces is why they would oppose an agreement that gives the U.S. a competitive advantage over Europe & Japan.
- (3) NAFTA is substantially helped-- in the public's eyes-- *once the line-up of supporters and opponents is known.* It matters to voters that every living President, 12 Nobel prize winning economists, most of the nation's Governors, and Lee Iacocca support NAFTA; it also matters to voters that Ross Perot, Pat Buchanan, Jesse Jackson, Jerry Brown, and the AFL-CIO oppose NAFTA. Indeed, once voters know who is for NAFTA, and who's against it, 55% of the voters say they agree with the NAFTA supporters, while just 39% say they agree with the NAFTA opponents.

IV. *OTHER KEY POINTS*

- (1) *The Governors have been woefully underutilized in the NAFTA debate.* Clearly an event with the Governors-- similar to the event with the Presidents-- would have real impact. This would not mean all 40 or so Governors would need to be present, just a sizeable number of them. 52% of the voters said they would be more likely to support NAFTA after hearing that some 40 Governors supported NAFTA.
- (2) *The other group that has been visibly missing from the NAFTA debate is small business:* 55% of the voters said they would be more likely to support NAFTA if small business supported it. Inserting small business into the NAFTA picture is important as we move forward.
- (3) Right now, the NAFTA debate is largely characterized by a split between high school educated men (against) and college educated men (for). *We need to energize college educated women.* Support for NAFTA among college educated women increases from 45% to 55% over the course of the survey. Putting forth business women & women business leaders in an important component of the NAFTA fight that has yet to happen.
- (4) It is also important for the White House to carry out a series of validation events that elevate the NAFTA debate-- for example, events with the Secretaries of State and Secretaries of the Treasury.

To: File
Fr: Todd
Re: NAFTA cover letter
Da: August 25, 1993

The state of play on the NAFTA cover letter is as follows:

On August 19, Michael Punke sent over a revised draft version of this letter, which is intended as a cover for briefing materials to be supplied to Members of Congress, the business community, etc. This letter is running through the NSC system and is not yet ready for White House circulation.

I talked to Kristie Kenney on August 20 to raise two points. First, I told her there was an unresolved issue as to whether the letter should be signed by the President or Mickey. I told her that Gergen had preferred Mickey, back when the first version of the letter was circulated on July 30. Sandy had also preferred Mickey at the time.

Sandy apparently thinks the letter should come from the President now. I think so too. The reasons why it would have been questionable to send a NAFTA letter from the President earlier -- chiefly bad timing right after the reconciliation vote -- no longer apply. The problem now is convincing people that the White House is ready to go all out to get the Agreement done, so I think the cover letter should be from the POTUS.

Second, I tried to juice Kristie up to get a much bigger, bolder foreign policy argument into the letter. I even gave her a copy of the Henry Kissinger piece in the Post from July 20, which sets forth this argument powerfully.

Status is we're awaiting the package from NSC and should circulate it when it comes in. Our previous circulation list is attached to this memo.

8/19/93 P3:30

M E M O R A N D U M

TO: TODD STERN
FROM: MICHAEL PUNKE *MP x3623*
RE: POSSIBLE COVER LETTER FOR NAFTA BRIEFING MATERIALS
DATE: AUGUST 19, 1993

Attached is a new draft of a cover letter for NAFTA briefing books. The briefing books would go to congress and business leaders. An earlier draft of the letter was sent to your office several weeks ago. This draft incorporates suggestions from your office.

Dear Senator/Representative/Governor/Business Leader

Last fall, I announced my support for the North American Free Trade Agreement (NAFTA) after weeks of studying it closely. I felt NAFTA would bring economic growth, create new U.S. jobs, and enhance our ability to compete in the global economy.

At the same time, I thought the agreement failed to address some potential problems in the areas of the environment, worker rights and import surges. I promised I would not send the NAFTA to Congress until those problems were addressed by supplemental accords. After months of tough negotiations, we have reached agreement with Mexico and Canada. The new accords will ensure that increased trade does not come at the expense of workers or the environment.

Now, with side agreements complete, I am ready to make the case for NAFTA to the American people. My Administration is committed to a major, bipartisan effort this fall to secure NAFTA's passage.

It is time to get away from the hyperbole that has characterized too much of the debate to date. This briefing book is intended to set the record straight.

For decades, the trade relationship between the United States and Mexico has been tilted in Mexico's favor -- at the expense of American workers. The NAFTA and the supplemental agreements change this old unfair relationship. NAFTA eliminates Mexico's high tariffs, phases out non-tariff barriers, and removes rules that provided incentives to produce in Mexico.

Reforms brought about by President Salinas have given us a preview of NAFTA's potential. After Mexico began reducing trade barriers and opening its markets in 1986, exports from the U.S. to Mexico grew from \$12.4 billion in 1986 to \$40.6 billion in 1992. Our \$5.7 billion trade deficit with Mexico in 1987 was transformed into a \$5.4 billion surplus in 1992. Today, more than 700,000 U.S. jobs are supported by exports to Mexico. With NAFTA, these trends will continue. We expect a gain of 200,000 export jobs by 1995.

NAFTA illustrates the close linkages between our international and domestic policies. Trade agreements like NAFTA strengthen our economic base and create jobs at home. At the same time, greater Mexican prosperity reduces the danger that adversity in Mexico will spill over the border to harm us. Moreover, the NAFTA will facilitate cooperation with Mexico and Canada on a host of tough issues including immigration, illegal drugs and environmental protection.

Change is always challenging. Uncertainty about change is understandable. But we are at a defining moment in American history. Our victory in the Cold War and the new challenges of a global economy mean that we must make choices about our future role in the world. We can retreat behind high walls and watch our leadership erode, our living standards deteriorate, our competitiveness decline.

Or we can proudly, self confidently and in a bipartisan spirit maintain American leadership by working with like-minded nations to open markets, strengthen democracy, and tackle the new global agenda. This is the forward-looking path to the high-wage, high-skill American economy that we all seek.

I hope you will join me in supporting NAFTA. It's good for America.

Sincerely,

Bill Clinton

- power & need for U. Nam. Trading bloc
- importance of NAFTA for encouraging & consolidating ~~that~~ movement in Mexico & all Latin America toward mkt's & Democracy & pro-American.

LEVEL 1 - 1 OF 1 STORY

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SECTION: EDITORIAL; PAGE A17

LENGTH: 1397 words

HEADLINE: NAFTA: Clinton's Defining Task

SERIES: Occasional

BYLINE: Henry Kissinger, Los Angeles Times Syndicate

BODY:

Before the end of the summer, President Clinton will ask Congress to approve the North American Free Trade Agreement linking the United States with Canada and Mexico in a free trade area comprising a population of 370 million and a gross national product of \$ 6 trillion. It will represent the most creative step toward a new world order taken by any group of countries since the end of the Cold War, and the first step toward the even larger vision of a free trade zone for the entire Western Hemisphere.

And yet, recent polls show that barely half the American people have ever even heard of it.

This presents the president with a rare opportunity for leadership in educating the American people to the opportunity before them. Since the end of the Cold War, it has become apparent that fear of communism can no longer serve as the cement of the international order. With the collapse of the ideological challenge, traditional patterns of nationalism have gained ground nearly everywhere. The post-Cold War world has already witnessed growing rivalries reminiscent of the tensions preceding World War I.

In this light, developments in the Western Hemisphere become crucial to global order. Here, a group of democratic nations has pledged itself to the Enterprise for the Americas initiative based on popular governments and market economies. The sole dictatorship remaining in the Western Hemisphere is Cuba; state-run enterprises are being privatized; nationalistic, protectionist methods of economic management are being replaced by export-oriented economies hospitable to foreign investment and supportive of open international trading systems. The revolution sweeping the Western Hemisphere can point the way to an international order based on cooperation.

It is this revolution that is at stake in the ratification of NAFTA. What Congress will soon have before it is not a conventional trade agreement but the hopeful architecture of a new international system.

Strong presidential leadership in the ratification battle is urgently required. As the only nationally elected American leader, the president is in the best position to put NAFTA into a broad strategic framework and to show the American public why its passage serves the fundamental national interest. He must not permit the treaty's opponents to define NAFTA as a problem of economic arithmetic. In this task, the president is entitled to bipartisan support.

The Washington Post, July 20, 1993

NAFTA is so vital to prospects for global progress that it needs to transcend partisanship and merits a demonstration of nonpartisan unity.

America has never had a neighbor of the importance Mexico will acquire in the next century, with or without NAFTA. By then it will be a country with a population of well over 100 million and equal to the Asian "little tigers" such as Korea. Our de facto open borders make friendly relations a vital national interest.

Even on strictly economic grounds, I believe NAFTA to be to our long-range advantage. Most studies suggest that we would gain more jobs than we would lose -- though of course the problem with that calculation is that those who lose jobs are not usually the ones who benefit from gains in employment.

Nevertheless, let us not delude ourselves: The movement of American industry to Mexico cited by many NAFTA critics has occurred despite present tariff barriers, which are already quite low. What the critics are implying is not just a defeat of NAFTA -- which would not accomplish their objective -- but an increase in tariffs against Mexico. Such a policy would put an end to any hope of a new Western Hemisphere relationship and encourage the rise of nationalism.

For Mexico has been in the vanguard of the revolution sweeping the Western Hemisphere. Not so long ago, its foreign policy was defined by anti-American rhetoric and its economic policy by statist left-wing attitudes. Import substitution, the fashionable euphemism for protectionism, was the dominant trend, and anti-gringo suspicion a principal feature of the internal Mexican debate.

Starting with the presidency of Miguel de la Madrid in 1982, Mexico began to reverse these patterns. Under President Carlos Salinas de Gortari, the process assumed tidal proportions. Salinas turned Mexico on its head. He opened it to foreign investment, lowered tariffs, insisted on free competition, quelled corruption and brought into office an extraordinary group of young, highly trained technocrats. I know no government anywhere that is more competent.

In going all-out for NAFTA, Salinas has overcome considerable domestic Mexican reservations. He has gone to great lengths to respond to American concerns -- even to the point of negotiating side agreements on the environment and labor that his left-wing opponents describe as gringo interference in domestic legislation.

Nevertheless, to this day the ancient themes of Mexican political discourse are still just below the surface. They remain the staple of Salinas's left-wing opposition. NAFTA's defeat would cause them to boil rapidly to the surface, and would humiliate President Salinas in his bet on trust and cooperation with the United States. This would be a particular problem as Mexico gears up for next year's presidential election.

History will almost surely record the Enterprise Initiative for the Americas as one of the most important American initiatives since the Marshall Plan. It is a blueprint for which the North American trade agreement with Mexico is the vital first step for a new kind of community of nations, built on a common base of democratic values, drawn strongly together by the free exchange of goods, services and capital, dedicated to human rights and committed to the preservation of their common environment. Argentina, Venezuela and Chile have

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already indicated a strong interest in it. It looks far beyond the Organization of American States, the only existing institutional expression of common purpose in the region, and its outmoded concentration on national security; rather it responds to the contemporary agenda.

At a moment when all the major Latin American countries have raised their sights to a new partnership based on values the United States has been espousing for decades, a retreat from it by America would be a shattering blow to their enthusiastic response to this vision for a new and better world.

A regional Western Hemisphere Organization dedicated to democracy and free trade would be a first step toward the new world order that is so frequently cited but so rarely implemented. It would permit the countries of the hemisphere to respond creatively to any of the various ways the international order may evolve. Almost every country pays lip service to a global free trading system and to the urgency of the Uruguay round as its expression. It would be shortsighted, however, to ignore the regional groupings emerging in both Europe and Asia as possible alternatives.

A Western Hemisphere-wide free trade system -- with NAFTA as the initial step -- would give the Americas a commanding role no matter what happens. If the principles of the Uruguay round prevail, it will become a major participant in global economic growth. If regional groupings dominate, the Western Hemisphere, with its vast market, will more than hold its own in regional competition. Opening itself up to associate membership by nations outside this hemisphere could create a system for global free trade based on incentives for those willing to abide by its principles and by penalties for those nations not playing by the rules.

President Clinton has understandably preferred not to deflect Congress from concentrating on his economic package. But the stakes are too high to wait much longer. He must take the lead in defining the issues. But he should not be asked to fight this battle alone. It should be possible to enlist former presidents, secretaries of state and other leaders in one of the broad-based coalitions by which previous new departures in foreign policy -- like the Marshall Plan -- have been put before the American people.

If that happens, Clinton's will be perceived as a seminal presidency whatever else transpires while he is in office.

The writer, former secretary of state, is president of Kissinger Associates, an international consulting firm with business interests in many countries abroad.

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TYPE: OPINION EDITORIAL

SUBJECT: INTERNATIONAL TRADE; CANADA; MEXICO

ORGANIZATION: NORTH AMERICAN FREE TRADE AGREEMENT

NATTA met 8-11 180 DEVS Bill D. by large group

Kent & Bentzen key speakers
interagency group

From NATTA ^{~ 9-20} Kick off 6 wks for health care
then ^{PTNS back to} NATTA early NOV.

Border Change

Jell - (Treasury)

Draft of a structure by mid next wk
next big & this is what where's the
money coming from Kyle: avoid invoking
jurisdiction of Senate Bank since Regle will
try to kill you

QNTB Rivlin memo especially re budget - where
\$ coming from

comm - APEC met, happening in Nov -
most leaders oppose NATTA

Walker Adjusted

Oct 4 target date for legis but probably optimistic

Walker disloc - price - R's not want it
Dems split on whether make it tied into NATTA

Saw comment for
Cong. committee skeptical of getting by for in
Fall

need to work outside groups to not get dumped on
proposed financing mechanism swallowed by def.
reduction! go back to drawing board
maybe use REGO savings (?)

idea is parallel track to NAFTA implementing
legislation but not folded into it

Bo - go ~~down~~ meet be ready to take 133 west up
to principals by UK pre-labor Day
to be ready for ~~9-15~~ Pres. Kickoff

hoping for ~~same~~ signat \$ from Approprate bill
which Harkin likely to marking "9/12-14"
range. not clear when will go to floor

Plains

Com'n could go to Ct in Canada ^{seeking} direction
to force Canada to pay fine if Ct didn't
do this on mandamus, could we impose
sanctions

Agats not concluded

On Labor that UK place health & safety
& child labor this dispute process would apply
maybe but not industrial relations

ministerial consultation
Co-operative panel

maybe for
industrial relations, but
not for ~~dispute~~ ^{dispute} ~~resulting~~ ^{resulting} ~~industrial~~ ^{industrial} ~~relations~~ ^{relations}

- 1) Trade related
- 2) Based on agreed on labor laws
- 3) Pattern of practice

if 3 ~~for~~ requirements met, then bumps up to level of Panel of Experts

(previous to ~~this~~ this, numerous levels of review moving up thru bilateral ministerial, trilateral ministerial council -- & if dispute not resolved, keeps bumping up if ministerial council still not resolve dispute.

Env - Arbitral panel of important exports can impose fine up to \$20

right now we getting to final outside panel of experts only health & safety & technical stuff covered not cover industrial relins -- the area where Mexico weakest

"ECE" is the Sanitizing process but is still short of

problem is we're vulnerable ^{arbitral panel w/ fines}

if leave industrial relins outside of the ECE process -- ~~then~~ a

Spanish speaking guy says ECE level enough given sunshine for industrial relins, but it short of ECE level, we can't sell it on Hill

Env - good wgt
Internat'l Secretariat set-up
obligations re transparency;
ref'n to WATTA dispute panels;
access to CTS

BO - if we get the change re intns.
Relins & Conditions —, Would it meet conditions
laid out by Pres. Dec '92 speech.
We'll need extensive Q's & A's
When we get to Pres. announcement

ATL-CID not on bd for VARK Atj program
they just want to preserve TAA

TAA -- includes
income adjustment; it's an entitlement

get Hill ~~the~~ materials that were
distributed -- M. Plunk

45 days + 15 + 15 + 15

Fast Track thing

legislation

there won't be 90 days left ~~for~~ after formal
submit to Congress around early Nov. so
we'll need expedited treatment by Cong.

Lytle have to get 1-ship & find Vespers on board
for the expedited treatment

If get them on bid then see from
them whether need to involve other
chairs

Conz will ask something in return
for expected treatment.

The Campaign

creation of a campaign room
~~in the house~~

Treasury say: have a great war room in
San Antonio San Diego michigan etc

How Staff? 1 or 2 people from here
+ then local pols + campaign people
w/o jobs say 20-25 people in each
city

Specs - maybe pair w/ bus. exes.
~~the~~ who have operations in key places

TOS - ^{VH} couldn't do grass roots lobbying
could do maybe out of D.C. - (except need
R's too...)

TOS - how control it?

Not a good idea on balance - need
nat'l strategy, but have to run it out of
D.C. command etc, not 4 or 5

TOO3: Make - it pres. kicks off 9-15
+ then phases out for 6 wks, we
risk getting killed by Perot +
Labor Demos.

L Summers -- ① week open this wk
re After not forget about NAFTA,
getting priorities straight + then setting
up war room

② 4 mo. project vs Recon. War
war room of 3 1/2 wks. Won't have intense
level of senior involvement throughout

③ ^{good} Business story a day
re but for NAFTA this opportunity wouldn't
have happened. Then get'n a letter
of the key team of economists; cement
teams etc. more of a straggling aspect
an env. week etc. phased terms
not an all-out sprint like Recon Room

huge need to create forward motion in
next 2 months

Treas guy -- have to get public to see this
as job creator not job-killer [this will be unbelievable
difficult]

Response from central - well-plugged in to
Wall + regional papers

foreign
policy is
a non-issue
vs public who
could be
important with
members

Nobody is here from Long 1
& Matt here in hour from
Commencement

Spunk guy -- & whole battle is on jobs
less da work more in long --

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

03-Aug-1993 05:03pm

TO: John Podesta

FROM: Todd Stern
 Office of the President

SUBJECT: nafta meeting

In a nutshell, I'd say w've got some serious problems on the NAFTA front. The environ side agreement sounds as though it's coming together decently. Still some open issues, but moving in the right direction. So is the border cleanup plan. But the side agreement on labor sounds highly problematic. The USTR guys seem to think that there is very little chance of getting any sanction mechanism with respect to labor relations issues (i.e., no sanctions for lousy labor conditions, lack of collective bargaining, etc.). Note that Mexicans appear to be more forthcoming with respect to labor STANDARDS (things like child labor laws, hours, etc.) than labor relations. Re labor relations, it is not even clear that we can get the Mexicans to agree to "sunshine" rules -- e.g., an evaluation by independent experts when there is a complaint.

So there is a ways to go yet purely on substance. Beyond that, it sounds like we aren't anywhere in terms of a serious political/communications strategy. Wirth worried about the vacuum out there right now, getting filled by all negative stuff. He thought if we could throw out some stuff to get a little positive press in August, realizing that we won't be ready to launch anything serious yet, it would be helpful. Rufus Yerxa noted that we have a huge problem on the Hill with the Freshmen.

WATTA Mfg 8-10

Katu pts out that the Envido side agt
would contemplate an intl body imposing a fine
on U.S. -- which may be new territory

in GATT, panel makes a finding that
then allows individual countries to impose
sanctions

US could avoid fine if willing to
take trade sanctions; Canada could avoid
sanctions by paying fine [The this fine vs
& sanctions distinction to me seems rather theoretical-
~~th~~ isn't a fine a kind of sanction after all?]]

050 ^{01/137} 10 days Sept for Kirkoff

Announce agt in principle ^{this week}
then ~~the~~ big coming on board ^{maybe}
then

Summers; Wirth; Rivlin; Gerson; Berger;
Latter; Kyte; Larry; Blinder
McGinty; Gene - 26 or so in all

WADA mtg 8-3

- ① Where negotiations are + what ought to be strat re sanctions
- ② Side issues to worry about
- ③ Timing issue -- do we want to conclude now
- ④ Selling issues
how approach issues re what we provide
- ⑤ Border authority

①

4 Key issues

- (i) Sanctions
- (ii) Scope labor/env
 # breadth of coverage
 # depth
- (iii) labor/env dichotomy
- (iv) function process of a Secretariat

re scope on env - What env laws being covered
poll'n discharge resource
conserv'n + manage endangered species?
does it cover fisheries Canadians
concerned re fisheries Canada -
compromise now broad coverage
but question saying not include domestic
laws re mining harvest of natural resources

option for provinces to opt out the
reciprocity (if provinces opt out they
can't go against us) re labor + env
anticipate provinces will want to opt in
when we sign on to deal, we're
signing on for our states

Labour -- "Labour laws" broadly defined
 conditions health & safety standards (child labor, etc
 has etc.) industrial relations

Unions in M very varied & many
 sunshine

Labour rights relating to unions off the
 table
 nothing on union, pay's right to organize
 or strike off table

Env -- if sanction is on the fed'l part,
 base direct incentive to comply on business &
 itself

US What is answer to m-w congressmen
 who says cos fleeing to Mexico
 where no decent labor standards no
 collective bargaining, ~~etc~~ they crush
 unions etc.

We're getting no sanctions, ~~not~~
~~some even suggest~~ transparency in their
 laws reg'd

"Sunshine" means consult & evaluate w/experts
 who to report
 but we're not there yet
 tho we may get there
 we're not going to get to sanctions
 on indus. relations issues
 only health & safety is covered
 now (I even this not sanctions, right?)

TW - if m's might not want to stick neck
 on block by being forthcoming on these
 issues while still no real confidence
 that US will get NAFTA passed

|||||

Blinder -- do we win any votes if we get sanctions or are we losing all the labor votes anyway?

Asymmetry betw Labor & Env. is OK but asymmetry w/ Labor is more difficult

eg fines in Env but not in Labor
or fines in part of Labor but not re industrial regions
we're going to have to accept some differences re Labor & industrial regions

or other trade sanctions

What do we need to get enough votes -- & losing we lose Labor votes
What do Env MLDs need to sell arg?

- (1) indepen. parliament
- (2) dispute resol'n w/ some kind of sanction
- (3) border cleanup

~~but not (2)~~

LS: We can't write off Labor
this Admin is about jobs
we've got to answer the "great sucking sound"

LS: Can we cherry pick unions like we're doing in the Env't area & polarizing labor animosity maybe link it to trade adjustment

Ry: good luck
When Envious form fixing sound they stand in a circle; unions stand in a perfect line

TU: but can it least listen, care & feeling lower overall hostility rather than cherry picking

~~FF~~

RY - huge probs w/ Freshman
safe vote is no since worst
scenario is vote yes & a plant goes to
Mexico 1st rebellion campaign is then they're
most vulnerable

all
negative
on
NAFTA

vacuum now - in 3 wk recess
need to fill this - get them
hit on by chambers of commerce

Bo - we're not ready for a campaign
during recess

Better to have in closed
deal until you're got a campaign
ready

TU - pass a couple things out
to fill vacuum - eg this is kind of
border left voice to (try about
let a detailed writers check on it

TU: How does white paper get out?
no one will use both materials
so issue is how quickly get it out
eg Press Club or whatever

LS - process news we expect
finish supp. by 2 days
white paper
maybe meet the Press start
drum beat

enough expect'n out there now
that it do nothing we'll start to get
"NAFTA Snake" story

TU: put junk out there in August

~~for~~

6,
Mizley thinks we're very vulnerable
on Hill re sugar; fruits & vegetables

Some ^{discuss} ~~discuss~~ re reaping argt on
a sugar issue

Ry - Sugar + Citrus could be
30-40 votes