

NOVEMBER 4, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER

SUBJECT: NAFTA DEBATE BRIEFING

Enclosed is a preliminary NAFTA debate briefing book. I know its a lot but I wanted to get you something early. Tomorrow night we will give you a more focused debate briefing book with specific Perot arguments and responses along with an outline of overall goals and strategy. Also, I will have a copy of the actual NAFTA agreement for you to thumb through tomorrow. Perot always says the devil is in the details. It will be helpful if you can say you've read the agreement.

This book contains:

- Principal NAFTA provisions
 - Clinton Administration Statement
 - Supplemental on Labor
 - Supplemental on the Environment
 - Import surges
- NAFTA Q&A
- NAFTA editorials
- NAFTA -- with or without it
 - Jobs
 - Environment
 - National Security
 - US cars & trucks
 - Agriculture
- Perot
 - Top 20 Perot NAFTA arguments (myths)
 - Kantor's press release
 - 107 mis-truths in Perot's NAFTA book
 - Perot's NAFTA book- its quick reading and will give you a sense of where he is coming from.

NOVEMBER 5, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER
SUBJECT: PEROT DEBATE BRIEFING BOOK

This briefing book gives you extensive background on Perot and the arguments he makes. Tomorrow afternoon I will send you a final briefing book laying out objectives, strategy, major themes as well as polished responses. In addition to this briefing book, I am sending along a copy of Perot's latest paid 30 minute add on NAFTA. We should have more videos tomorrow.

This book is divided into four parts. 1) Perot's arguments, background and weaknesses, 2) several critical analyses of Perot's book, 3) Perot's rhetoric -- transcripts from recent Perot speeches and appearance, and 4) further background on three key Nafta issues-- jobs, the environment, and technology (by Reed Hundt.) The last tab in the book has an op-ed and speech from Senator Bradley per your conversation with him earlier.

This book is divided as follows:

PEROT ARGUMENTS

- General Perot Themes
- Responses to Perot
- Perot's Soundbites
- Alliance Airport
- Perot's motives
- Perot's history
- Perot's inconsistencies
- Perot stereotypes

PEROT'S BOOK

- Press response
- Heritage Foundation response
- Baucus response
- Hudson Institute response

RECENT PEROT RHETORIC

- Larry King Live
- Melt-down on Meet the Press
- Transcript of accompanying paid ad
- Testimony before House Small Business

KEY ISSUES

Jobs
Environment
Technology

SENATOR BRADLEY'S BACKGROUND

Possible Perot Themes

Following are several tabs that will begin to give you the background that you need to challenge Perot in several key areas. Polling tells us that the public doesn't think much of Perot -- his unfavorables are higher than his favorables.

Three key vulnerabilities:

- ✓ • First, he is potentially vulnerable to the perception that he can only be negative and has nothing constructive to offer.
- ✓ • Second, his rhetoric is only skin deep. There is no substance behind his soundbites.
- ✓ • Third, the public is wary that a great politician and great businessmen might be in it for himself.

The background provided here challenges his rhetoric, questions his motives, and details some of his negativism. As you read it, think of it along these themes. While these themes have not been vetted around the West Wing, they are at least useful for constructing arguments.

PEROT'S HISTORY ON NAFTA

It's important to look back at where he is coming from on NAFTA. Perot began speaking out against NAFTA in his very first appearance on CNN's Larry King Live when he first proclaimed his willingness "to serve." On that show, Perot cited just one specific disagreement with Bush's economic program: he opposed Nafta.

As support for his freelance candidacy began to build, Perot kept citing Nafta as an example of Washington gone haywire. Perot began attacking Nafta as the very model of special interest, PAC-funded, inside the beltway policy making. This paralleled his assault on trade policy toward Japan and what he considers the treasonous pro-Tokyo lobbying of revolving-door Washington bureaucrats. To Perot, free-traders are out-of-touch ideologues who passively accept America's decline, and protectionists are can-do patriots out to rebuild our national industrial base.

Responses to Perot's 8 key themes

Following are draft responses to Perot's 8 key themes. At the top of each topic is Perot's argument followed by the facts on the issue. Tomorrow, the same document will also include our common sense argument for each.

1. Jobs and the giant sucking sound
2. Foreign Lobbyists and Secret Negotiations
3. The U.S. Got Out-Negotiated
4. "NAFTA Takes Away American Sovereignty"
5. Mexico is Poor
6. "Mexico is Corrupt and Authoritarian"
7. "NAFTA will destroy the environment"
8. NAFTA Raises Your Taxes

RESPONSES TO KEY PEROT THEMES

1. JOBS

PEROT: "You're going to hear a giant sucking sound of U.S. jobs moving south to Mexico."

-- NAFTA will create 200,000 new American jobs by 1995. That's why it's supported by [every living] American Nobel Prize winning economist.

-- That sucking sound you hear is the sound of exports going to Mexico. Our experience in the past five years provides a taste of NAFTA's potential. Since Mexico began opening its markets in 1986, we have transformed a \$5.7 billion trade deficit with Mexico into a \$5.6 billion surplus by 1992. In 1986 U.S. exports supported 274,000 American jobs; in 1992, they supported 700,000.

-- Virtually every objective study of this agreement concludes it will create jobs. Of the 20 comprehensive studies of NAFTA's effects on U.S. jobs, 19 have found that NAFTA will create far more jobs than it takes away.

-- Export jobs are high paying jobs. Export jobs pay 17% more than typical American jobs.

-- Americans earn higher wages because they're better workers. The World Bank estimates Mexican wages are approximately one-fifth of U.S. manufacturing wages -- they also estimate that U.S. workers are about five times more productive than Mexican workers. That means it takes five Mexicans to do the work of one American.

-- Wages are far from the only consideration. In addition to the most productive workers in the world, the U.S. has a superior system of transportation, communications, energy, and the business support services necessary to doing business in the modern economy.

-- That's why it's cheaper to build a car in the U.S. than in Mexico. In a recent study, the Office of Technology Assessment recently found that it is \$410 cheaper to produce a car in the U.S. than in Mexico.

-- Many U.S. companies are moving back from Mexico. GM moved [1,000] jobs back from Mexico to Lansing Michigan. Quality Coils moved jobs back from Mexico to Connecticut. Atlanta Saw moved jobs back from Mexico to Georgia. Like many companies, these businesses found that low Mexican wages were no bargain compared to the advantages of producing in the U.S.

2. Foreign Lobbyists and Secret Negotiations

PEROT: "[F]oreign interests can buy the knowledge, contacts, and advice of both famous and not-so-famous former government officials and Members of Congress -- Washington's so-called revolving door . . ."

"[S]ecret trade negotiations (such as NAFTA) [can alter government] regulations without the need for notice and public comment."

-- No trade agreement was ever negotiated more publicly. No trade agreement has ever been negotiated with more input from the public and the Congress. USTR worked with 39 advisory committees composed of over 1000 representatives of U.S. industry, agriculture, labor and environmental groups as well as state and local government officials.

-- Labor was actively consulted. The "Labor Advisory Committee" -- composed of over 100 representatives from a broad range of organized labor -- met with negotiators 42 times to discuss details as the deal was negotiated.

-- NAFTA's full text has been available for over a year. The full text of the NAFTA was made available to the public on September 18, 1992.

-- Congress decides whether we pass NAFTA. We're not trying to slip something past the American people. We're here today on national television -- it doesn't get more public than that.

-- President Clinton has slammed shut the revolving door. On his first day in office, President Clinton put in place the most stringent post-employment restrictions on post-employment lobbying ever adopted: Senior appointees and are forbidden from ever lobbying for a foreign government or business.

3. The U.S. Got Out-Negotiated

PEROT: "Clearly, the Mexican negotiators out trade the U.S. negotiating team . . . The U.S. negotiators stuck to their strategy and gave away more U.S. jobs."

-- The Mexicans give up a lot. NAFTA requires Mexico to give up tariff barriers that average 250% higher than U.S. tariffs. NAFTA also requires Mexico to open up its entire service sector to competitive U.S. industries like

insurance, banking and advertising. It levels a playing field that today is tilted against us.

-- The U.S. gives up very little. We already have a one-way free trade agreement with Mexico. Half of all Mexican goods already enter the U.S. duty free. The average U.S. tariff on Mexican exports is only 4%.

-- Mexico made unprecedented commitments on labor and the environment. The President made NAFTA even better by negotiating side agreements to make sure that increased trade does not come at the expense of workers or the environment.

-- Take Lee Iacocca's Word. He has been a strong critic of many past trade deals. But he says NAFTA is a good deal for Americans.

4. "NAFTA Takes Away American Sovereignty."

-- NAFTA preserves U.S. sovereignty. The Commissions on the environment and labor address the enforcement of existing, domestic laws in the three NAFTA countries. The Commissions cannot create any laws -- and cannot change existing U.S. environmental and labor laws.

-- This was a great deal for the U.S. Unlike Mexico, the U.S. has a strong record of enforcement. The commissions are far more likely to affect Mexico than the U.S.

5. Mexico is Poor

PEROT: "The eventual elimination of Mexican tariffs on U.S. goods going to Mexico, which average only about ten percent, will mean little to most U.S. companies and workers. The reason is simple: Mexico's market is small -- less than five percent of the size of the U.S. market -- and Mexican consumers are poor."

-- Even with high Mexican trade barriers, Mexico is already an extremely important U.S. export market. Mexico today is the second largest market for U.S. manufactured exports and the third largest market for U.S. farm exports.

-- Mexicans spend more on a per capita basis than the Japanese or the Europeans. Last year, the average Mexican bought \$450 worth of U.S. goods. That's more than was spent by the average Japanese (\$385) or the average European (\$).

-- Mexicans prefer American products. Mexicans spend 70 cents of every import dollar on American-made goods.

6. "Mexico is Corrupt and Authoritarian."

-- NAFTA promotes democracy and reform. Mexico is certainly not perfect. But passing NAFTA will strengthen the hand of Salinas and other Latin American leaders committed to reform. Rejecting NAFTA could well reignite the fires of anti-Americanism, protectionism and authoritarianism.

-- Salinas has made significant strides. For example, in late 1991, Salinas fired or retired the [entire] customs inspection force along the U.S. border. It replaced them with newly-trained personnel earning [ten times] the old salary to counter incentives for corruption. That takes political courage -- and commitment to reform.

7. "NAFTA Will Destroy the Environment."

-- NAFTA is the greenest trade agreement in history. That's why it's supported by the National Wildlife Federation, the World Wildlife Fund, the National Audubon Society, the Natural Resources Defense Council, and the Environmental Defense Fund.

-- NAFTA creates a precedent setting trinational commission on the environment. The NAFTA environmental side agreement creates a pathbreaking trinational organization devoted to protecting the environment. No NAFTA means no commission.

-- NAFTA puts teeth into enforcement. NAFTA allows the U.S. to impose fines and trade sanctions if our NAFTA partners fail to enforce their laws protecting the environment. No NAFTA means no leverage to ensure Mexican enforcement.

-- NAFTA pools billions of dollars for border cleanup. The United States and Mexico have agreed to create a revolutionary new entity for funding border cleanup. The NAFTA will bring \$8 billion to bear on pollution in the border area. By pooling and leveraging assets from the private sector, the World Bank, both federal governments, and state and local governments -- cleanup comes at a minimal cost to the federal government. No NAFTA means no funds for border cleanup.

8. NAFTA Raises Your Taxes

Anti-NAFTA Ad: NAFTA will require \$30 billion in new taxes.

-- NAFTA cuts taxes. NAFTA cuts tariffs by about \$2.5 billion, so that really represents a tax cut for consumers. That's one of the main benefits of NAFTA.

-- Under budget rules, we must offset those tariff reductions. Some of this comes from increased user fees, but much comes from tougher customs enforcement and better government accounting practices. Some of these practices were suggested as a part of Reinventing Government. On balance, NAFTA is a net tax reduction.

-- The revenues produced by the growth in trade swamp any of NAFTA's costs. NAFTA means more exports and more income for our companies -- so more tax revenue for the federal government. Those revenues far outstrip any of the costs associated with NAFTA.

-- Don't take my word for it -- ask Newt Gingrich. On the House floor last week, he said that NAFTA will represent a net \$1.8 billion tax cut.

"THE PEROTS AND CONS OF NAFTA"

HERE'S THE CENTRAL MESSAGE:

- 1) PEROT HAS A PERSONAL FINANCIAL INTEREST IN THE STATUS QUO AND IN SEEING NAFTA FAIL.
 - 2) PEROT IS A HYPOCRITE: HE'S NOT PROTECTING U.S. JOBS, HE'S MOVING THEM TO MEXICO.
-

BACKGROUND ON PEROT'S ALLIANCE AIRPORT PROJECT

ROSS PEROT SR. HAS AN OWNERSHIP INTEREST IN ALLIANCE CORRIDOR INC.:

- The Perot family owns Alliance Corridor, a 17,000 acre industrial park surrounding Alliance Airport near Fort Worth, TX. The development is run by Ross Perot Jr. and co-owned by Ross Perot Sr. and Ross Perot Jr. [Washington Post, 10/1/93]

ALLIANCE "FOREIGN TRADE ZONE" WOULD BE LESS VALUABLE IF NAFTA PASSES:

- The Perots have sought and received a "foreign trade zone" designation from the Commerce Department. Firms that operate out of this "foreign trade zone" can defer payments of tariffs brought in from abroad. [Washington Post, 10/1/93]
- Trade experts have noted that this special trade zone status "would be less valuable if NAFTA were implemented and tariffs between the U.S., Mexico, and Canada were lowered for almost all businesses. [Washington Post, 10/1/93]

DUE TO ALLIANCE, COMPANY MOVED JOBS FROM ILLINOIS TO MEXICO

PEROTS MARKET PROJECT TO COMPANIES TO TAKE ADVANTAGE OF MEXICAN LABOR:

- The Perots market this project as "an ideal national distribution center for products coming out of Mexico," and say, "...Many companies that take advantage of Mexico's inexpensive labor for manufacturing transport all finished products through the United States for global distribution. [Washington Post, 10/1/93]

ONE SUCH COMPANY -- ILLINOIS' VALMONT ELECTRIC -- MOVED JOBS TO MEXICO:

- Valmont Electric closed a factory in Danville, IL in December 1992 which at one time employed nearly 400 workers. At least 100 of these jobs have been moved to Juarez, Mexico. [Chicago Tribune, 2/14/93; Washington Post, 10/1/93]

AFTER MOVING JOBS, VALMONT TOOK UP PEROT OFFER AND MOVED INTO ALLIANCE:

- Valmont Electric which operates a factory in Juarez, Mexico signed a lease for office and warehouse space at Alliance Corridor Inc. last month. [Washington Post, 10/1/93]



H. Ross Perot Jr.

Hangar at Alliance Airport

AN ALLIANCE FOR NAFTA

Excerpts from Alliance's application for trade zone status:

Alliance Corridor, Inc.

5. **Eric Jantsch** has two national priorities, when combined, present a special opportunity for the Alliance Corridor: President Bush's North American Free Trade Agreement and the goal of the United States Department of Transportation to create a truly integrated global aviation market.

The North American Free Trade Agreement proposes to combine the United States, Mexico and Canada into a single market for trade consisting of 360 million people. The free trade agreement will benefit the United States economy by expanding trade opportunities, lowering competition and improving the ability of United States companies to compete on a global scale. Unencumbered by duties or quotas, trade will flow freely throughout the North American continent in response to market influences.

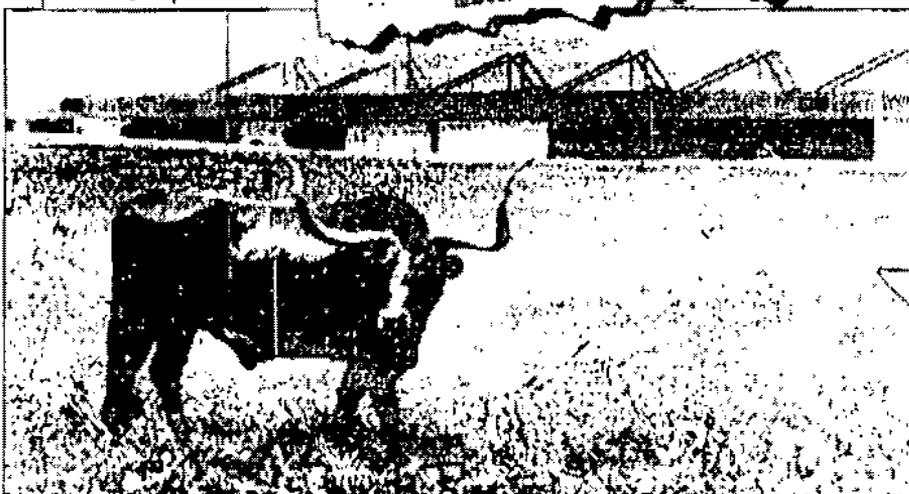
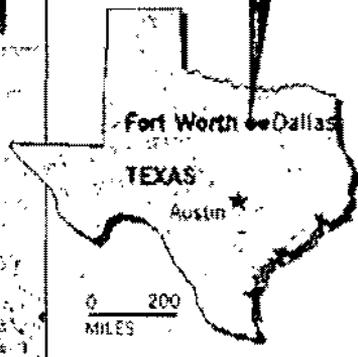
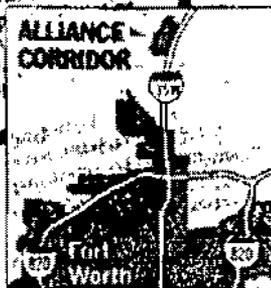


PHOTO BY DALLAS MORNING NEWS, GRAPHIC BY TOBEY—THE WASHINGTON POST

The Perots and Cons of NAFTA

Trade Pact Foe's Family Venture Forecasts Benefits From Accord

By David S. Hilzenrath
Washington Post Staff Writer

While Ross Perot has been arguing that the North American Free Trade Agreement would hurt the United States, one of his own business ventures shows how it could help.

The billionaire business executive's family owns a vast industrial park near Fort Worth, Tex., which it has been promoting as a hub for international trade and manufacturing.

A real estate development company run by Perot's son, Ross Jr., has argued that if the NAFTA agreement lowering

trade barriers between the United States, Canada and Mexico is implemented, the resulting expansion of trade will likely buoy the industrial park and the surrounding area, known as the Alliance corridor.

"To the extent that NAFTA results in an increase in the flow of goods north and south, we think that Alliance as a transportation center stands to benefit," said Hays Lindsley, a lawyer at the development company.

In his national campaign to defeat NAFTA, the former independent candidate for president has argued at rallies, on television and in a book that the trade agreement would weaken the

U.S. economy. Perot's stand has aligned him with organized labor and other groups urging Congress to reject the pact.

However, one of the companies involved in developing the Alliance industrial park took the opposite position on NAFTA in a document submitted to the Commerce Department in 1991, the same month formal negotiations on the agreement began.

"The free trade agreement will benefit the United States economy by expanding trade opportunities, lowering prices, increasing competition, and improving the ability of United States companies to exploit economies of scale," Perot's son said.

Perot Venture Could Profit From Trade Pact

PEROT, From G1

scale," said Alliance Corridor Inc., which is headed by Ross Perot Jr.

The Alliance development encompasses about 17,000 acres that the Perot family began buying in the early 1980s. The acreage surrounds Alliance Airport, which was built with federal money on land donated by the Perots. The development also has access to a railroad spur and an interstate highway.

Perot said in an interview yesterday that his son runs the project, but that he shares its ownership.

Perot said that NAFTA's impact on Alliance would be "insignificant . . . a maybe 1 percent factor" in the success of the project.

"Whatever tiny benefit or big benefit—say it any way you want to—might accrue to my son and me, we would give it up in a minute to protect the jobs of U.S. citizens," he said.

Officials at the development company said in separate interviews that expanded trade with Mexico could lead to a higher volume of shipping through Alliance and increased development there. In addition, a lowering of tariffs might encourage companies to locate factories at Alliance that would import parts and export finished products, officials said.

Perot has warned that NAFTA would encourage U.S. firms to shift production to Mexico to take advantage of cheap labor, saying the loss of American jobs would create a "giant sucking sound."

But the marketing of Alliance reflects something NAFTA's advocates have emphasized: Jobs have been going south of the border under existing trade policies. Alliance has been poised to profit from the phenomenon.

The area "is an ideal national distribution center for products coming out of Mexico," Alliance Corridor Inc. said in the 1991 document filed with the Commerce Department. ". . . Many companies that take advantage of Mexico's inexpensive labor for manufacturing transport all finished products through the United States for global distribution."

One of the handful of companies that already has decided to move into the industrial park plans to use it as a distribution center for electric lighting components manufactured at its plant in Mexico, among other things. Valmont Electric Inc., which is based in El Paso, Tex., and operates a factory in Juarez, Mexico, this month signed a lease for office and warehouse space at the industrial park. The company has moved more than 100 jobs to Juarez from Danville, Ill., citing Mexico's lower wages.

Perot said American workers stand to benefit from Valmont's facility at Alliance and the distribution of its products in the United States. "Every truck driver is a U.S. truck driver. Everybody around the rail yard is a U.S. citizen working at U.S. wages paying U.S. taxes. And every airline pilot distributing this stuff across the country will be a U.S. airline pilot making U.S. wages," he said.

In an effort to make Alliance more attractive to industry, Perot's son sought and received a special "foreign trade zone" designation from the Commerce Department that gives businesses there a measure of relief from existing trade barriers. The status, which the government approved this month, makes Alliance one of about 190 U.S. foreign trade zones where companies can defer payment of tariffs on goods brought in from abroad.

Trade experts have noted, however, that having this special trade zone status would become less valuable if NAFTA were implemented and tariffs between the United States, Canada and Mexico were lowered for almost all businesses.

NOVEMBER 6, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER
SUBJECT: DEBATE BRIEFING BOOK

This book and the accompanying videos focus on presentation. I've included the two most important videos for today -- the others I will condense. The first video is of Perot's performance in the '92 Presidential debates. The second is of his meltdown on NBC's Meet the Press -- important to see how to get under his skin. Note: These are the only copies of these tapes. I will need them back.

This book includes the visuals that Perot will use and their rebuttals; some sample charts for you if the decision were made to do that; stories of people, families and businesses to personalize the debate; and polling on NAFTA. In addition, this book also includes a responses to a few hits he might make on NPR. And finally, there is more background on Perot.

Tomorrow, we will have a message/strategy book for you.

This book is organized as follows:

PRESENTATION

- Perot's Charts
- Possible Gore Charts
- Personalization of Nafta
- Nafta and NPR
- Polling Data

PEROT BACKGROUND

- Perot & Nafta Overview
- Choate Flip Flops
- Notables on Perot
- Perot on Gatt
- Alliance Airport

Perot's Charts, Graphs and Pictures

CHARTS & GRAPHS

Perot will certainly bring his litany of charts and graphs to make his point. He uses the same basic graphs in his book, his infomercials, and his television appearances. Attached are the graphs from his book and the answers to his arguments.

PICTURES

Perot also brings pictures with him to paint the picture of a Mexico living in cardboard boxes. While we don't have copies of the pictures he uses, he described them when he was last on Larry King this way.

Mr. PEROT: I think I can sum up everything that we'll talk about for an hour with three pictures, and if they would put those on the screen now, I want the American people to see how Mexican workers live who work in the U.S. companies that will move to Mexico.

KING: OK. Let's see, there's--

Mr. PEROT: For example, this has everything to do-- They're in the shadow of the plant there. [Photograph of housing is placed on screen] There's dirt floors, cardboard shacks, no plumbing, no electricity--

KING: This is where Mexicans live who work in American plants?

Mr. PEROT: In the American plants now that are in Mexico.

If we could go to the second picture, that's a close-up of one of the houses. [Photograph of house is placed on screen] See, these people have none of the standard of living that, say, an automobile worker in Detroit would have who lives a middle-class life.

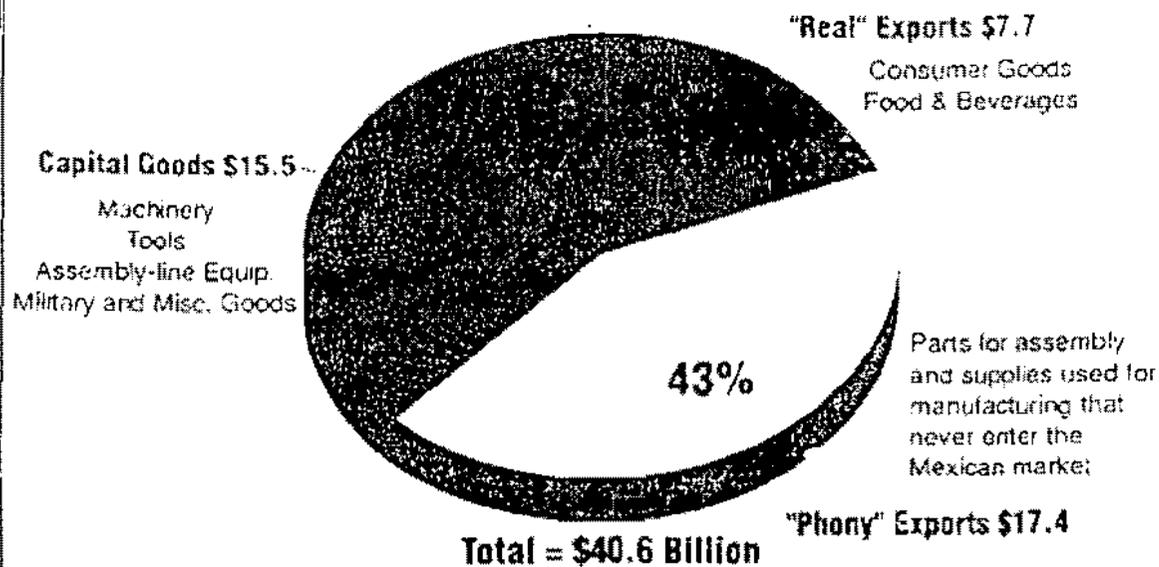
Go to the third picture, if you will. Here's a man building a cardboard shack. [Photograph of man building house is placed on screen] Those are--

KING: Yes, but what does that have to do-- What does that say about NAFTA?

Mr. PEROT: That says these are the working conditions under which the people live, because they make so little.

1992 U.S. "Exports" to Mexico

Billions of Dollars

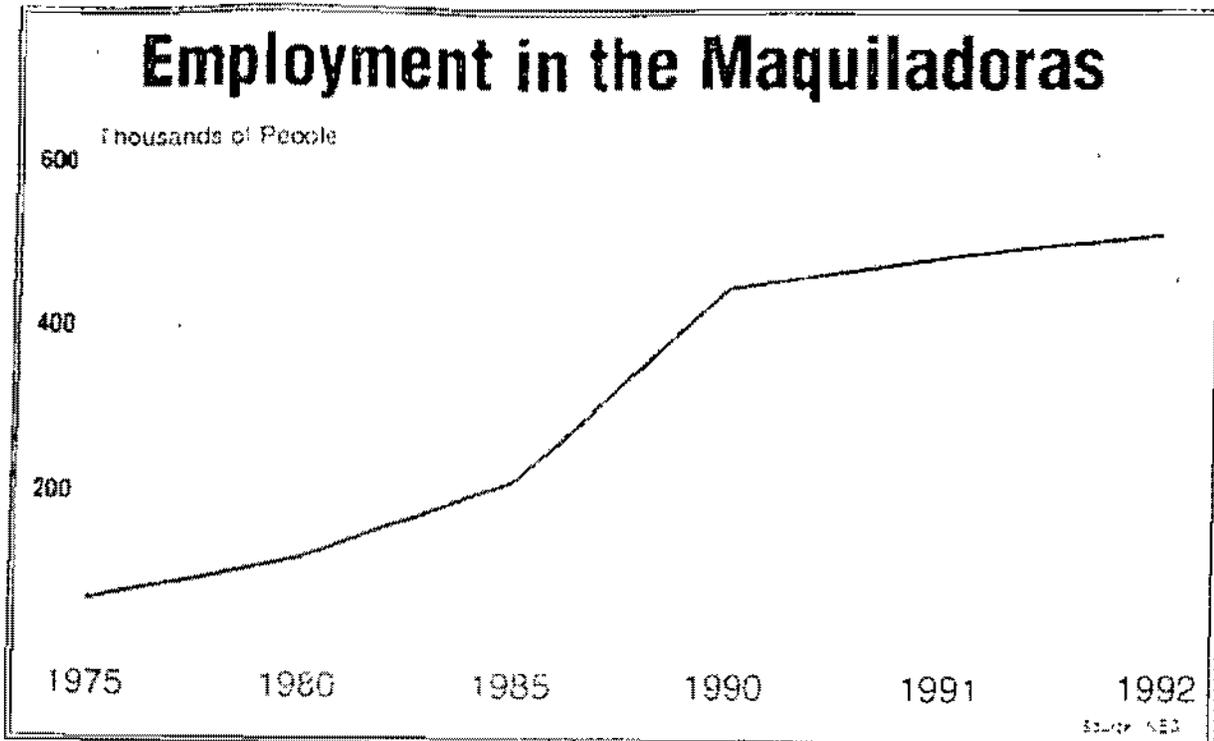


p. 71: U.S. "Exports" to Mexico

Purports to show that only \$7.7 billion of the \$40.6 billion 1992 exports to Mexico are "real"—i.e., consumer goods.

Responses:

- All of what Ross Perot calls "phony" exports are as real as any other exports. If the final assembly factories were located in Malaysia or Turkey these would not exist—and the Americans making these exports would lose their jobs.
- The bulk of the commodities he calls "phony" exports *are* for use in the Mexican market. U.S. exports have tripled since 1987, and 83% of the growth in exports to Mexico since 1987 has been for *Mexican* consumption—not for reexport.
- Capital goods exports are as good as any other export—better, if they boost the incomes of Mexicans which then shows up as demand for U.S. products.

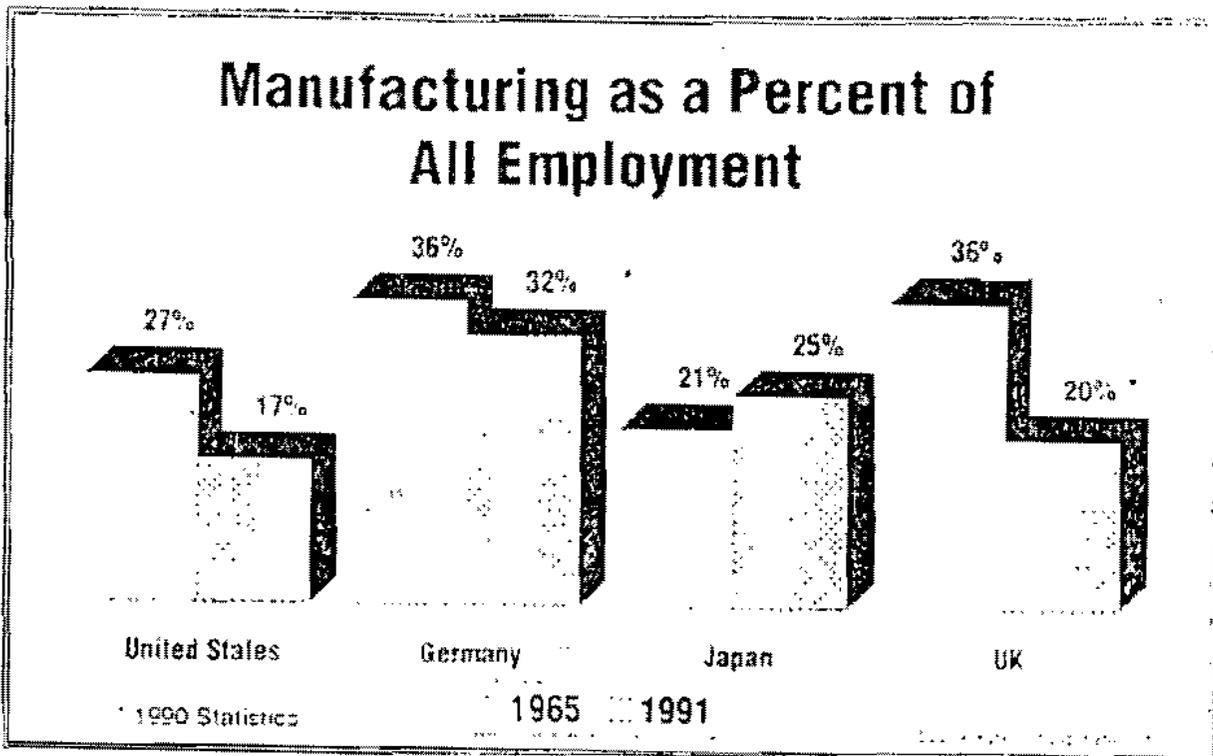


p. 49: Employment in the Maquiladoras

Purports to show that Mexican production is sucking away U.S. jobs to south of the border.

Responses:

- NAFTA will end the maquiladora program—so this graph is irrelevant.
- The U.S. now runs a \$7 billion surplus in manufacturing trade with Mexico. Whatever jobs are not in the U.S. because of maquiladoras are few and low-paying; the export-sector jobs supported by our trade with Mexico are many and high-paying.



p. 30: Manufacturing as a Percent of All Employment

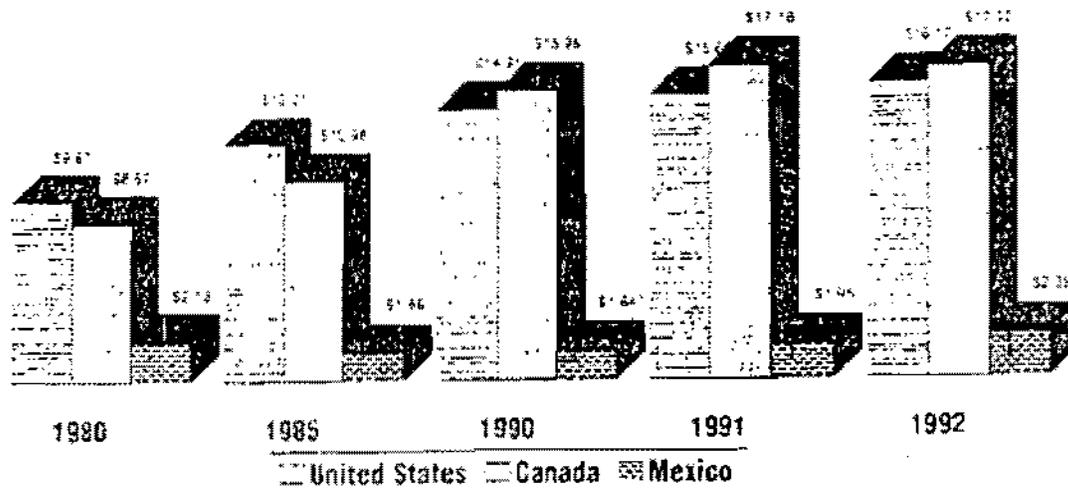
Purports to show that world trade is destroying America's manufacturing sector.

Responses:

- The U.S. runs a \$7 billion a year manufacturing surplus with Mexico. Trade with Mexico—and NAFTA—strengthen the U.S. manufacturing sector. They don't weaken it.
- Japan has kept its manufacturing employment strong by increasing its division of labor with the rest of Asia. Japan keeps the high value added, high skill jobs in Japan while remaining competitive by letting poorer Asian countries participate in the lower value added portions of production.
- If we want to keep our manufacturing sector strong, we need NAFTA—so that we can concentrate our manufacturing workers in the high-skill high-value occupations at which they are best.

Hourly Compensation of Manufacturing Workers in the United States, Canada, and Mexico.

(Includes Government Mandated Benefits)



Source: U.S. Dept. of Labor, Bureau of Labor Statistics

A QUANTITATIVE SKILLS

p. 43: Hourly Compensation of Manufacturing Workers

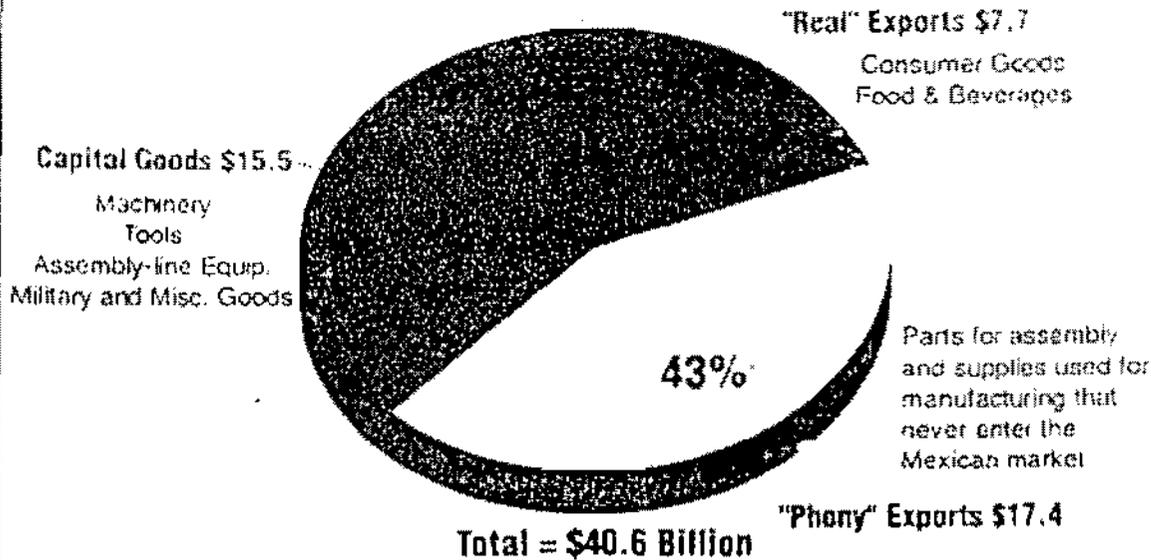
Shows that Mexican wages are very low relative to the U.S.

Responses:

- Since President Salinas began his economic reforms in 1987, Mexican wages have been rising quite rapidly.
- Mexican real wages fell in the early 1980s as the debt crisis and capital flight gripped the Mexican economy. If you want to keep Mexico's wages low, then reject NAFTA—foreign investors will then lose confidence in Mexico, and the past five years' worth of progress in Mexican wages might vanish.

1992 U.S. "Exports" to Mexico

Billions of Dollars



p. 71: U.S. "Exports" to Mexico

Purports to show that only \$7.7 billion of the \$40.6 billion 1992 exports to Mexico are "real"—i.e., consumer goods.

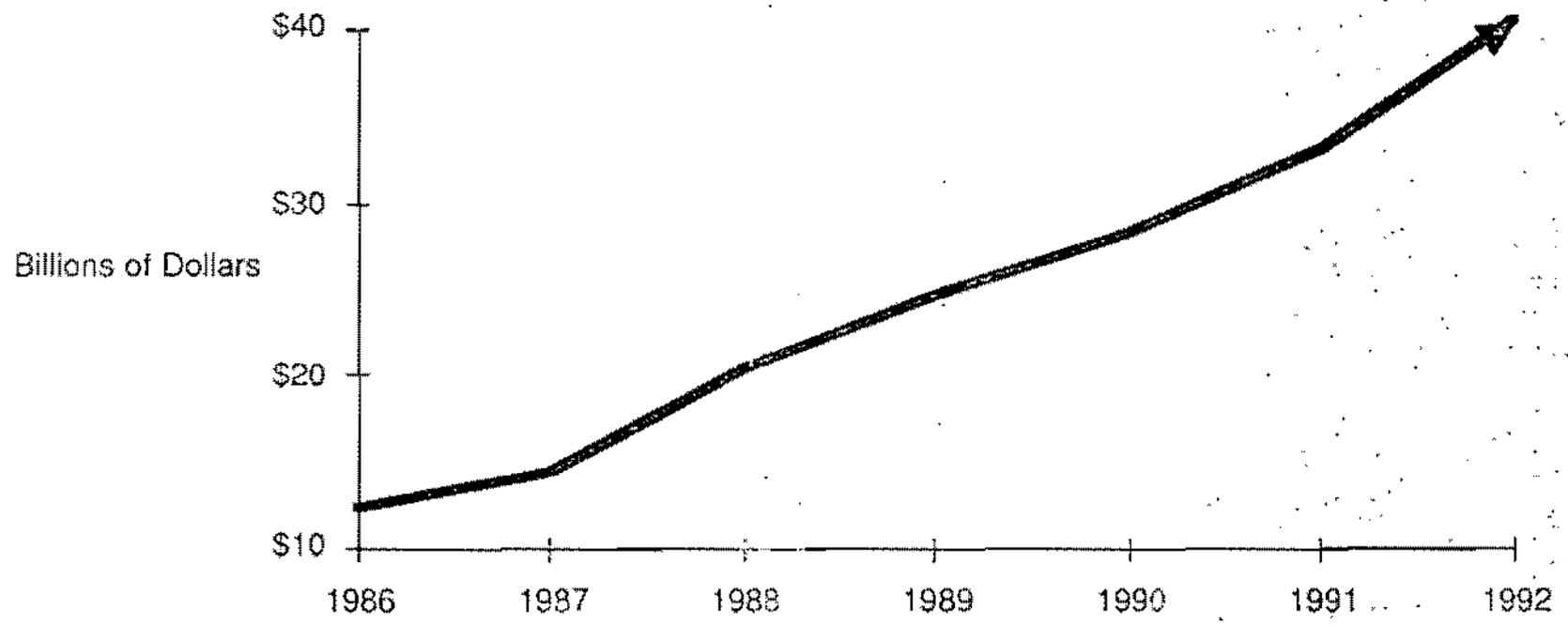
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- Capital goods exports are as good as any other export—better; if they boost the incomes of Mexicans which then shows up as demand for U.S. products.

Possible Gore Charts

While no decision has yet been made on the strategic value of you using charts and graphs to make your case, we've attached several graphs in the event the decision was made to use them. We would, of course, have a quick talking point for each chart.

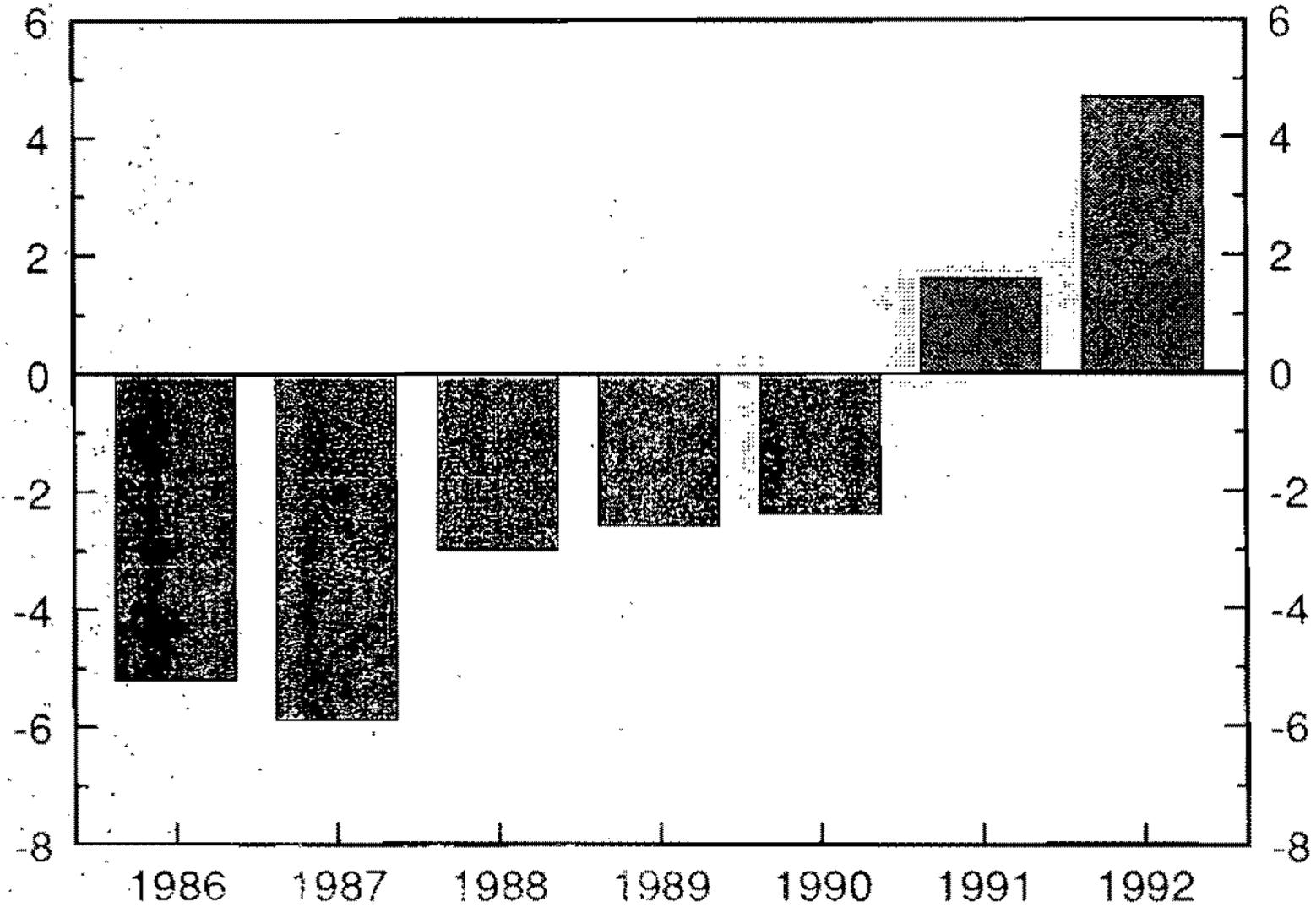
U.S. Exports to Mexico Have Nearly Tripled since the Beginning of Mexican Reform under Salinas



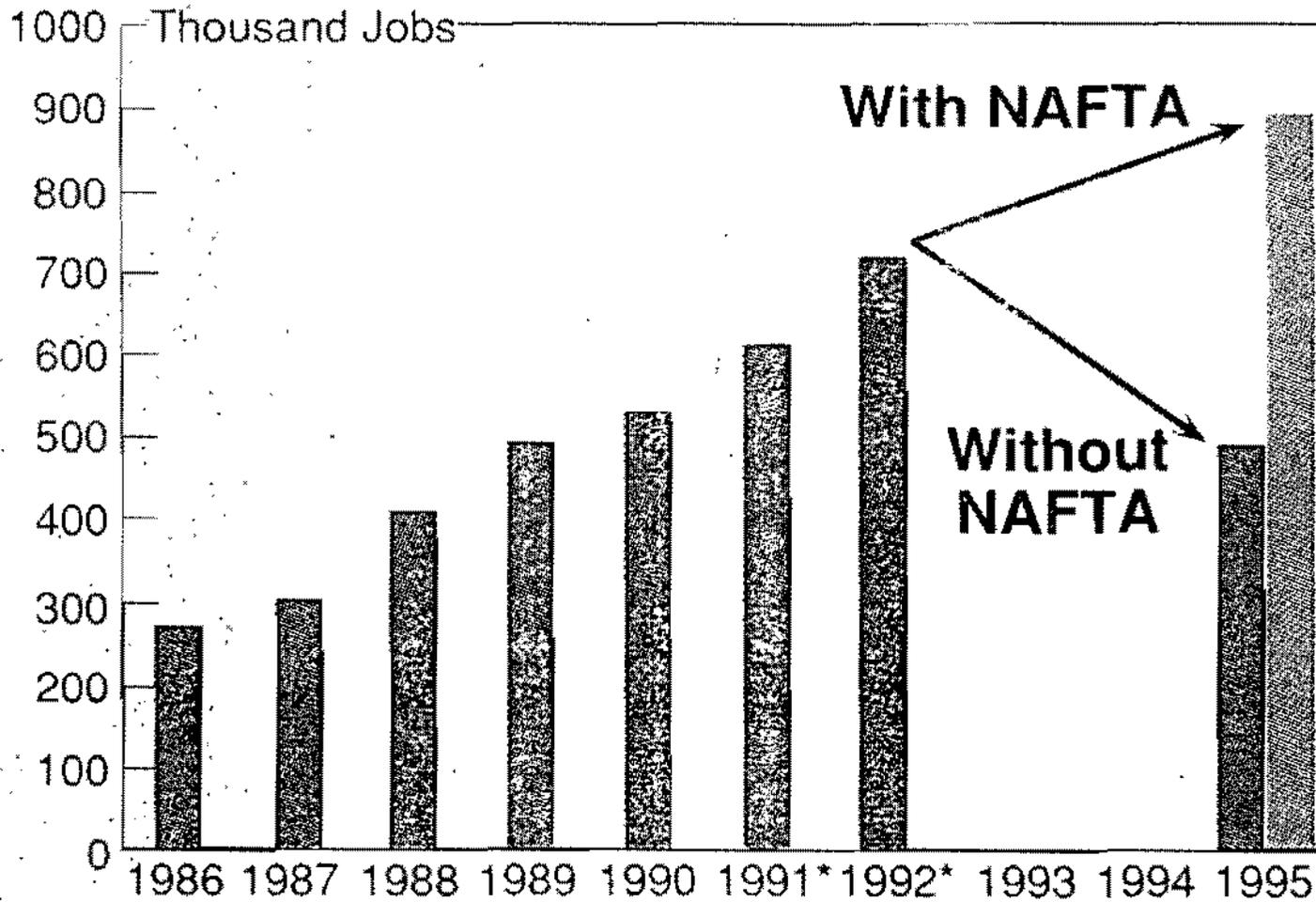
U.S. TRADE BALANCE WITH MEXICO

STEADY IMPROVEMENT SINCE SALINAS BEGAN ECONOMIC REFORM

BILLIONS OF DOLLARS

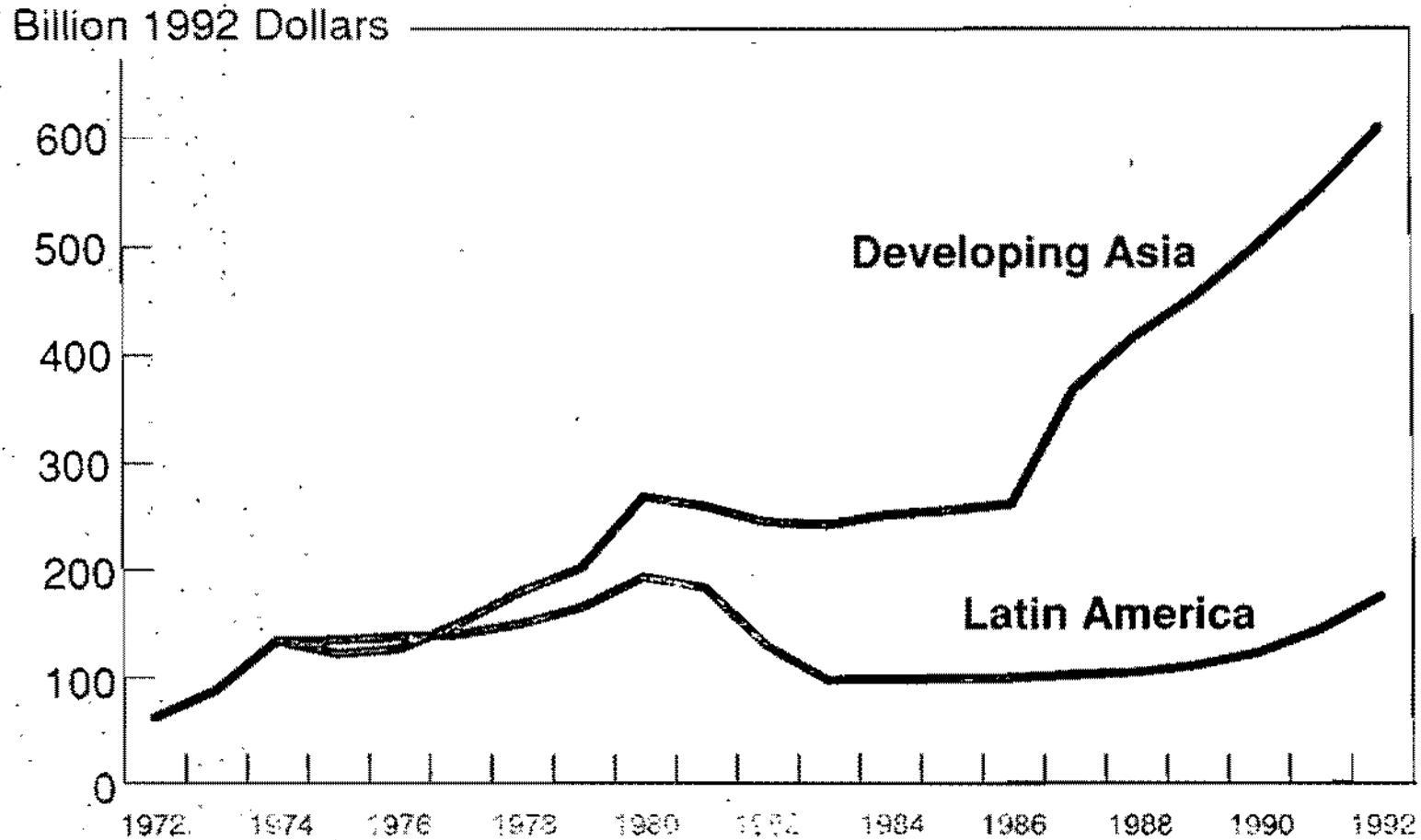


U.S. Employment Supported by Merchandise Exports to Mexico

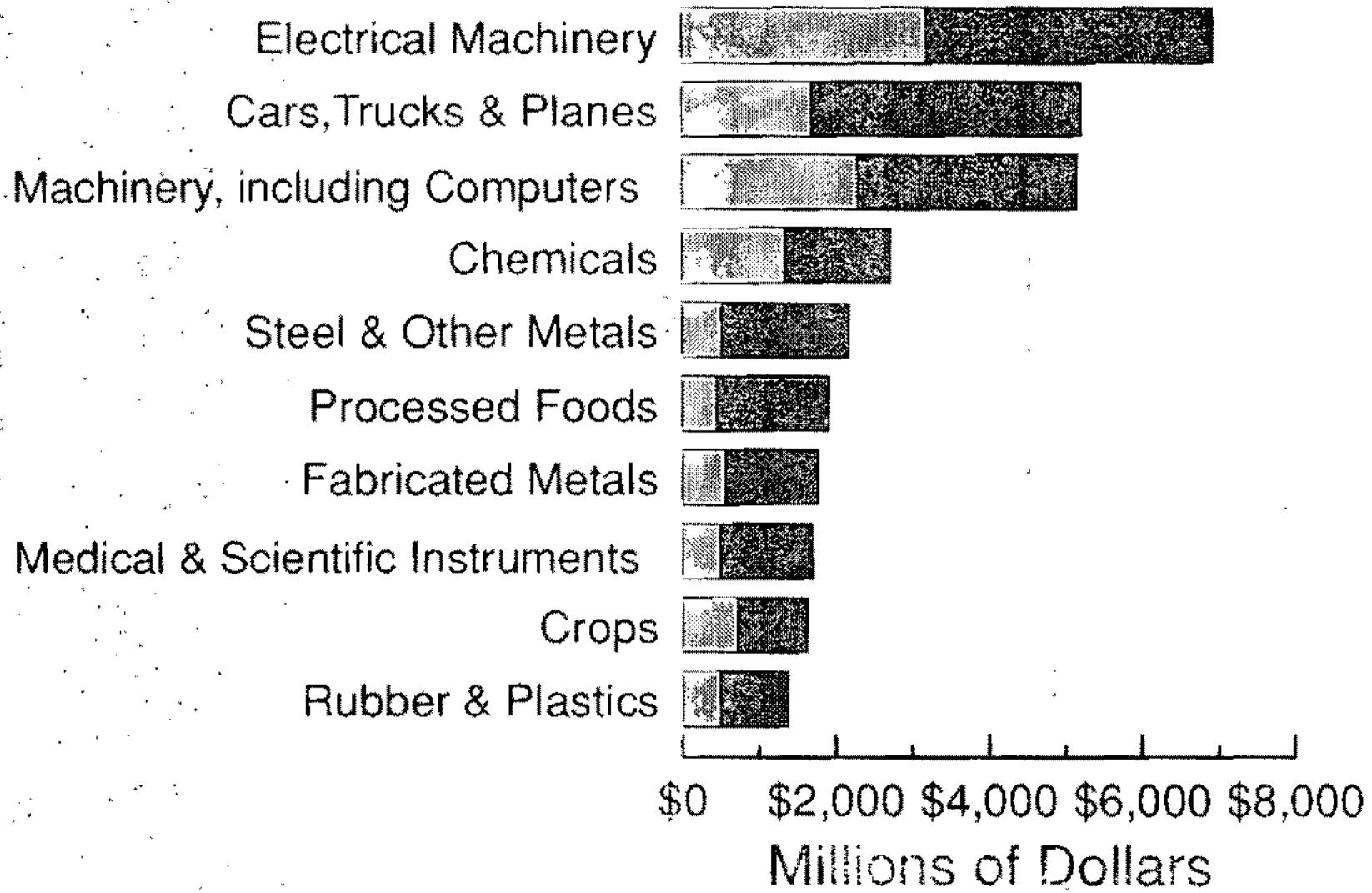


*Estimated

Developing Asia and Latin America Import Volumes

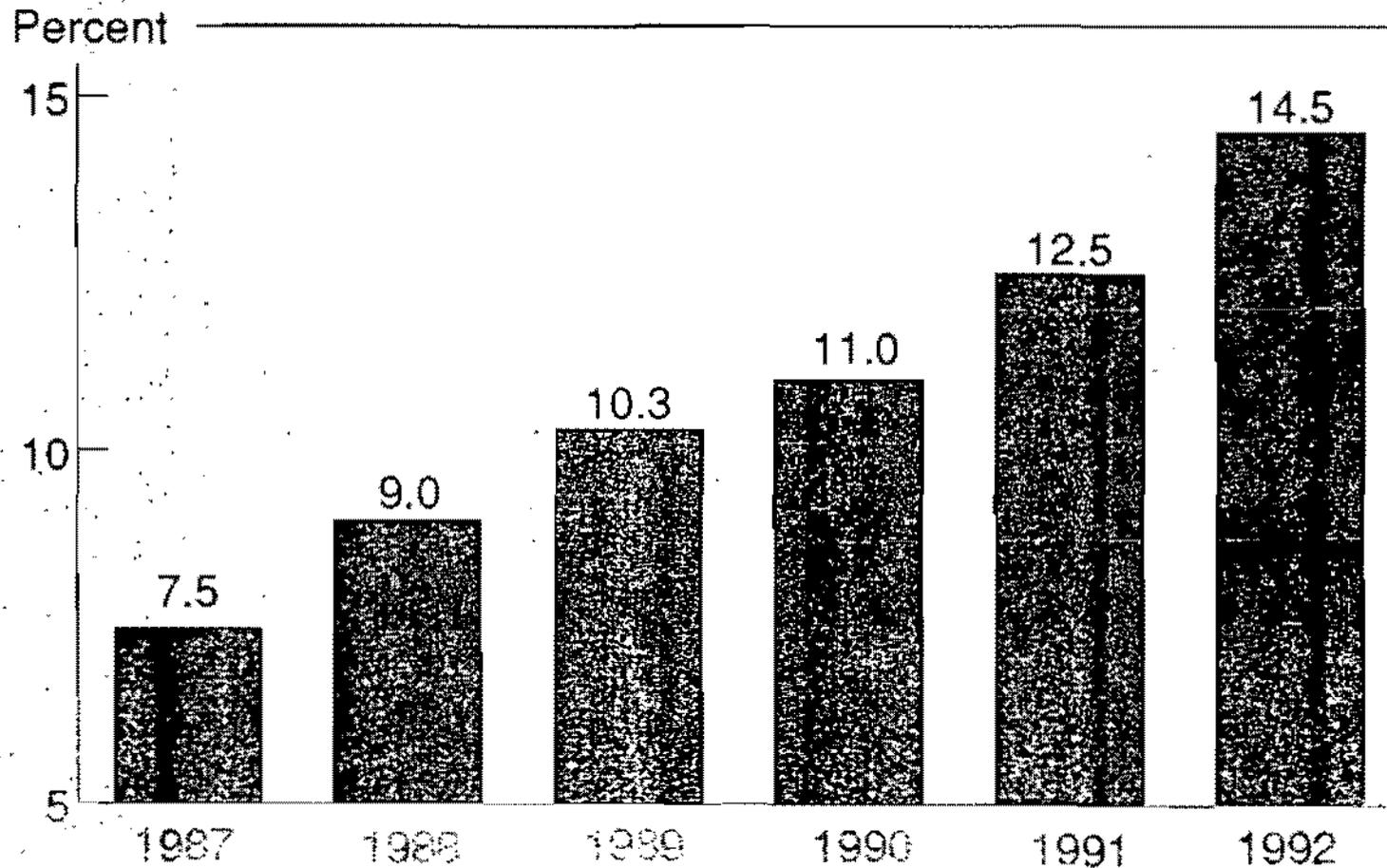


Major Exports to Mexico in 1992

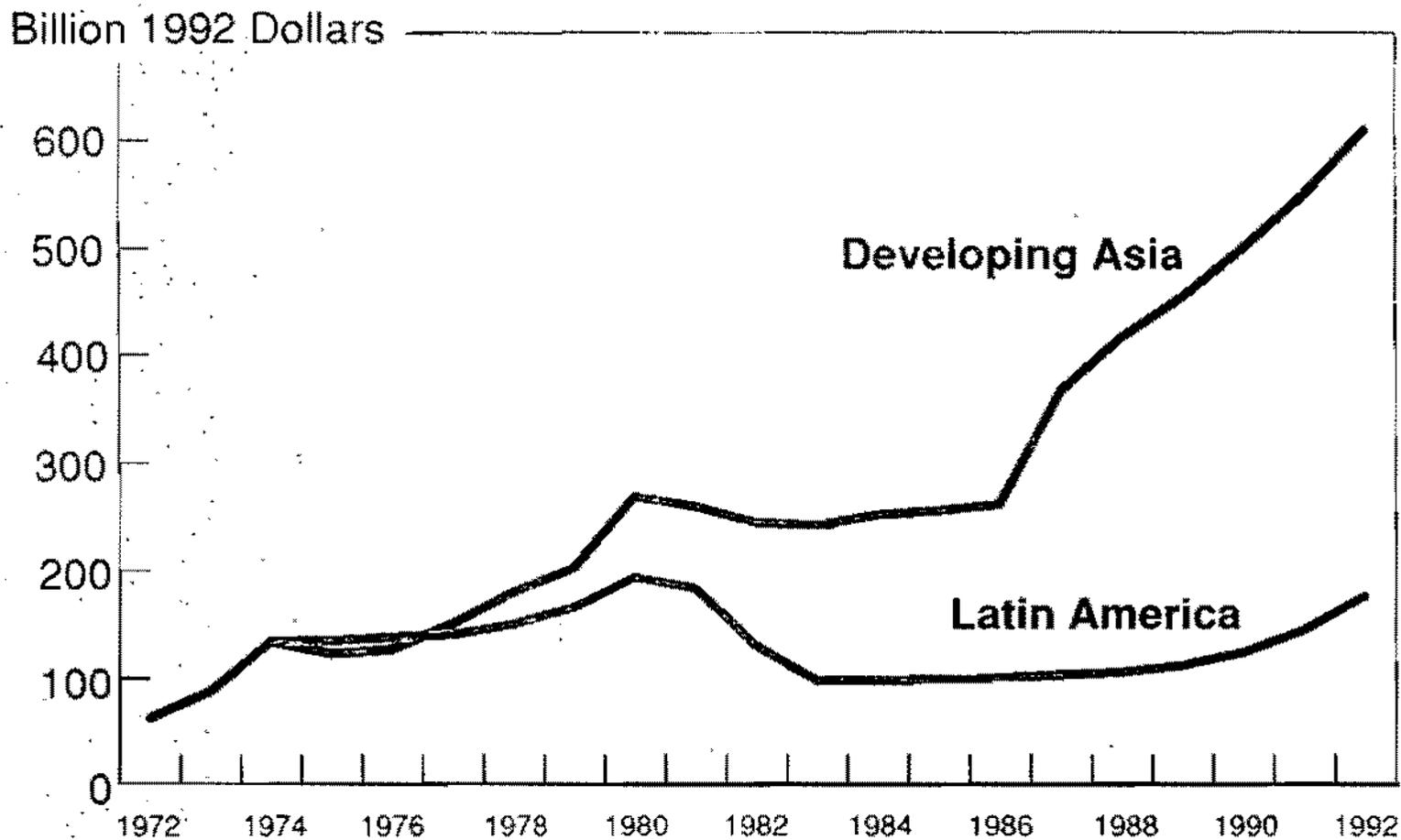


□ Exports in 1987

Mexican Manufacturing Wages as a Percentage of U.S. Levels

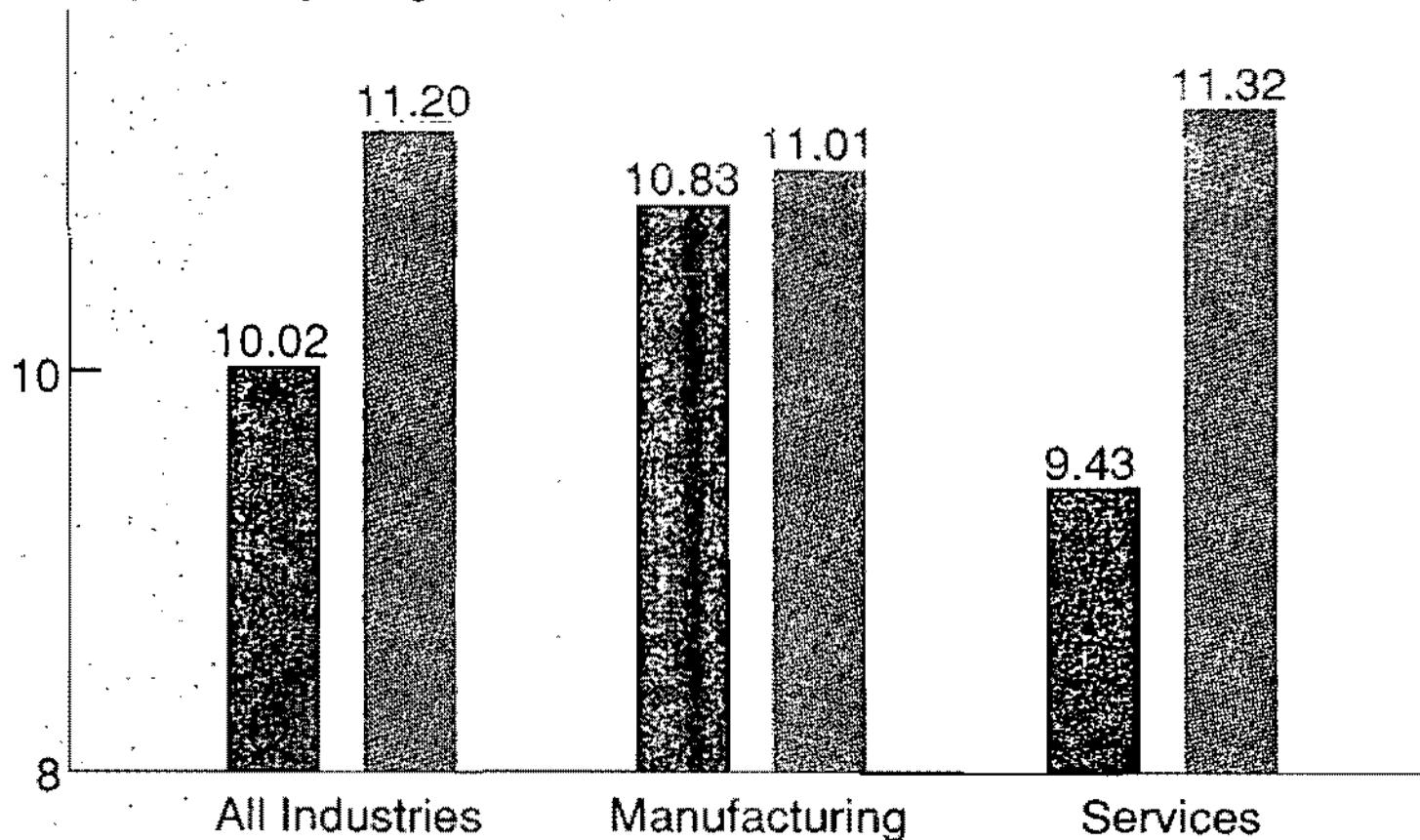


Developing Asia and Latin America Import Volumes



U.S. Jobs Supported by Exports to Mexico Pay More Than Other U.S. Jobs

Average Hourly Wages (\$/hr.)

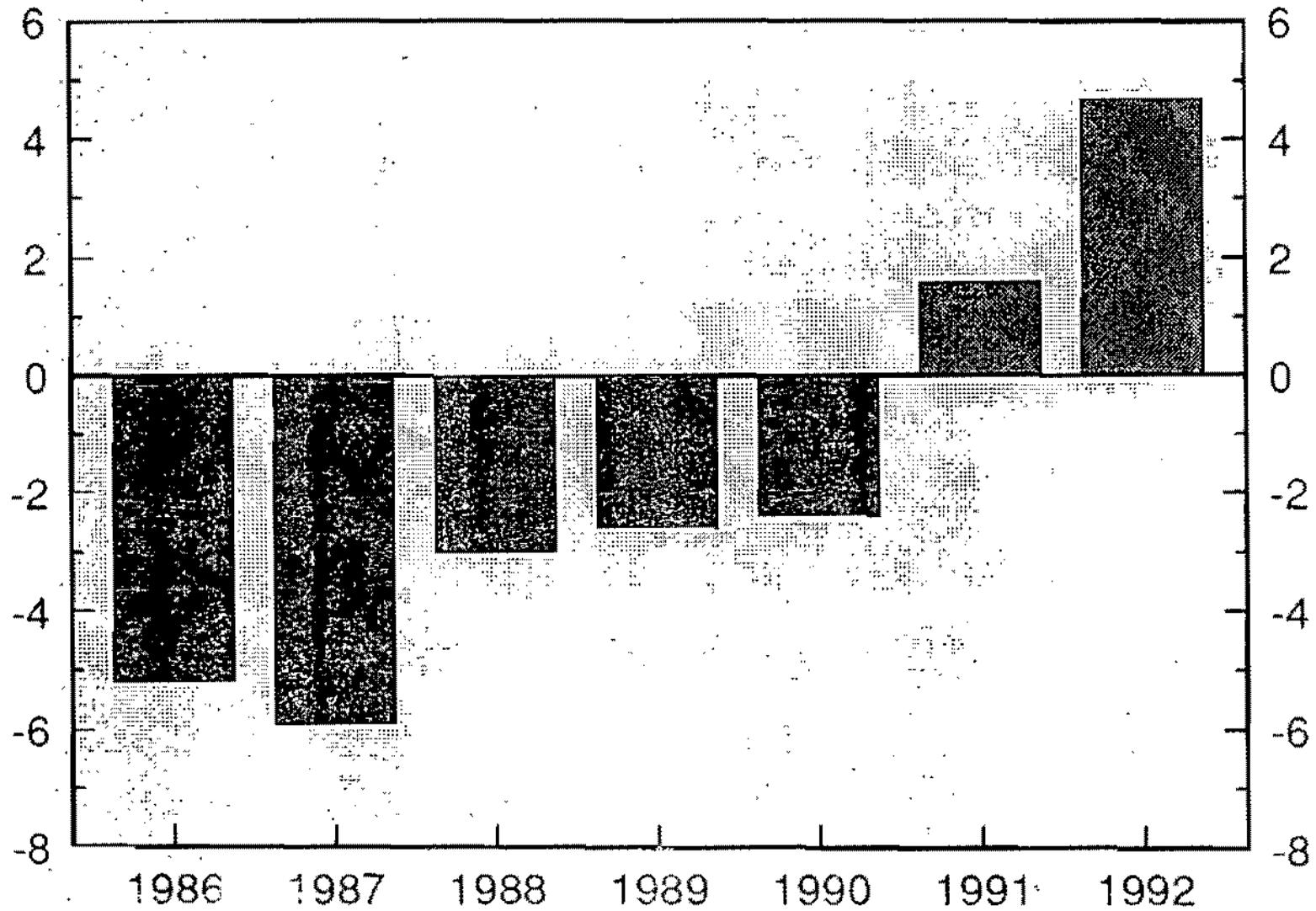


- All U.S. private sector, non-agricultural employment
- Employment supported by merchandise exports to Mexico

U.S. TRADE BALANCE WITH MEXICO

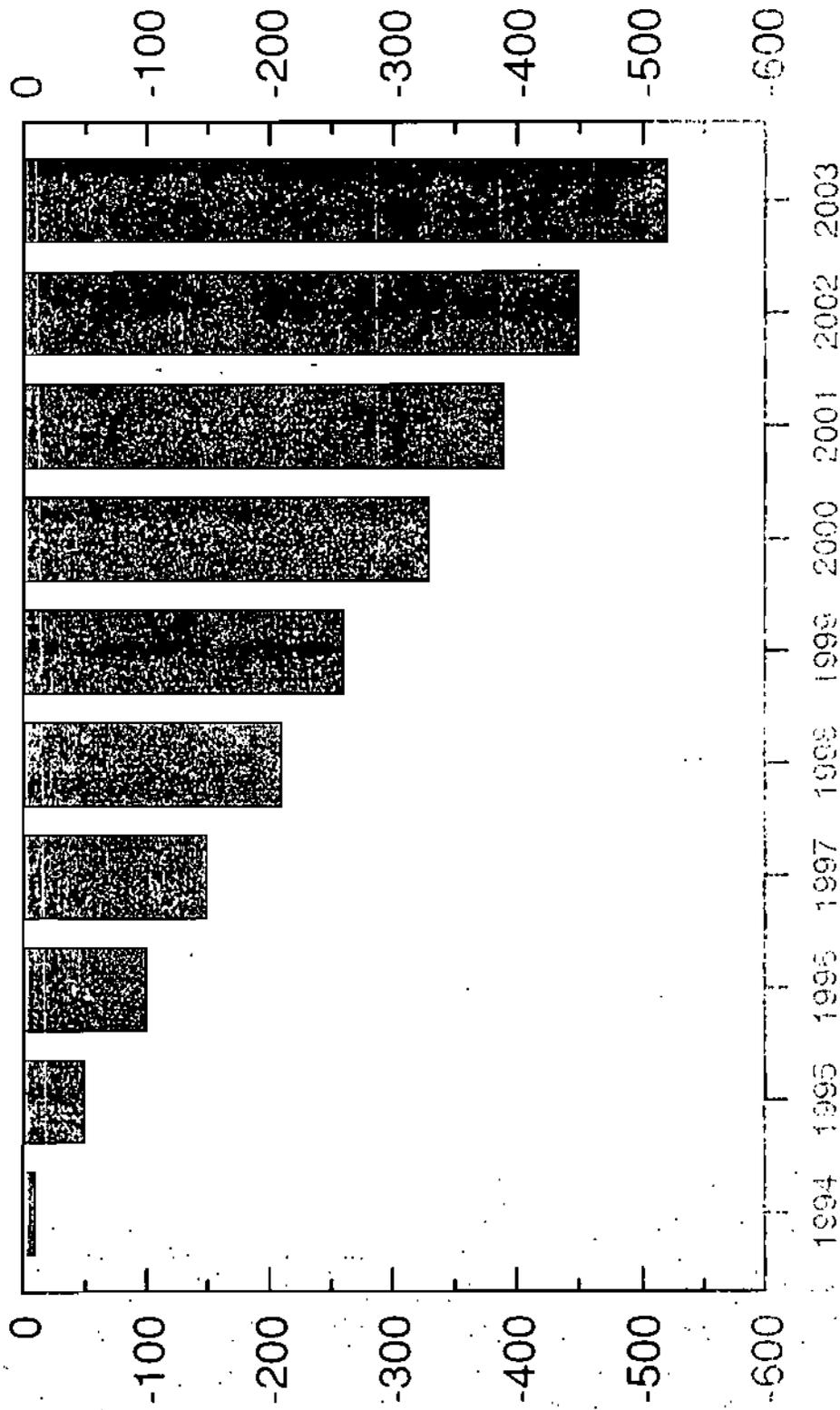
STEADY IMPROVEMENT SINCE SALINAS BEGAN ECONOMIC REFORM

BILLIONS OF DOLLARS



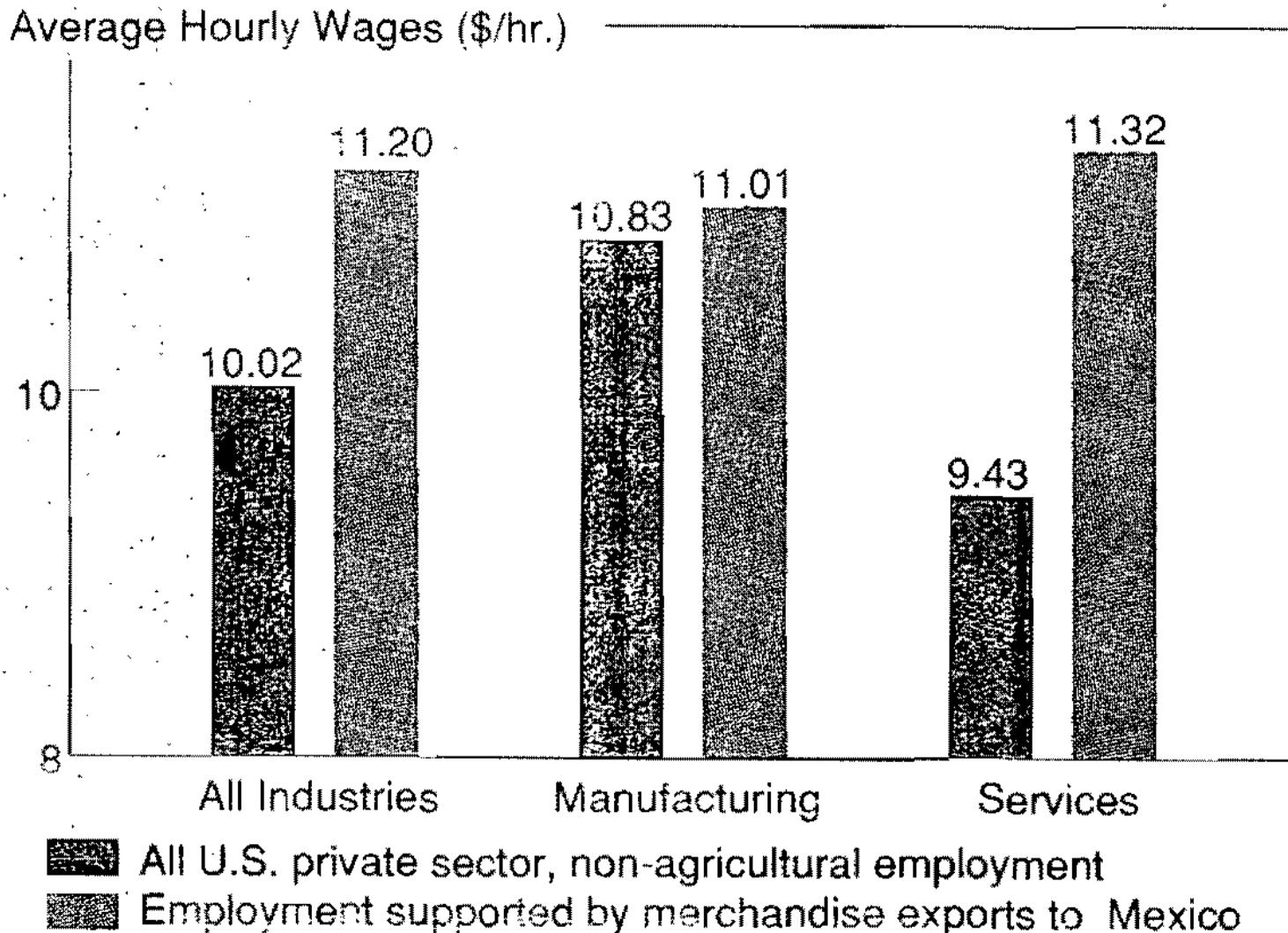
Losing NAFTA Will Cost U.S. Jobs

Thousands of Jobs Lost

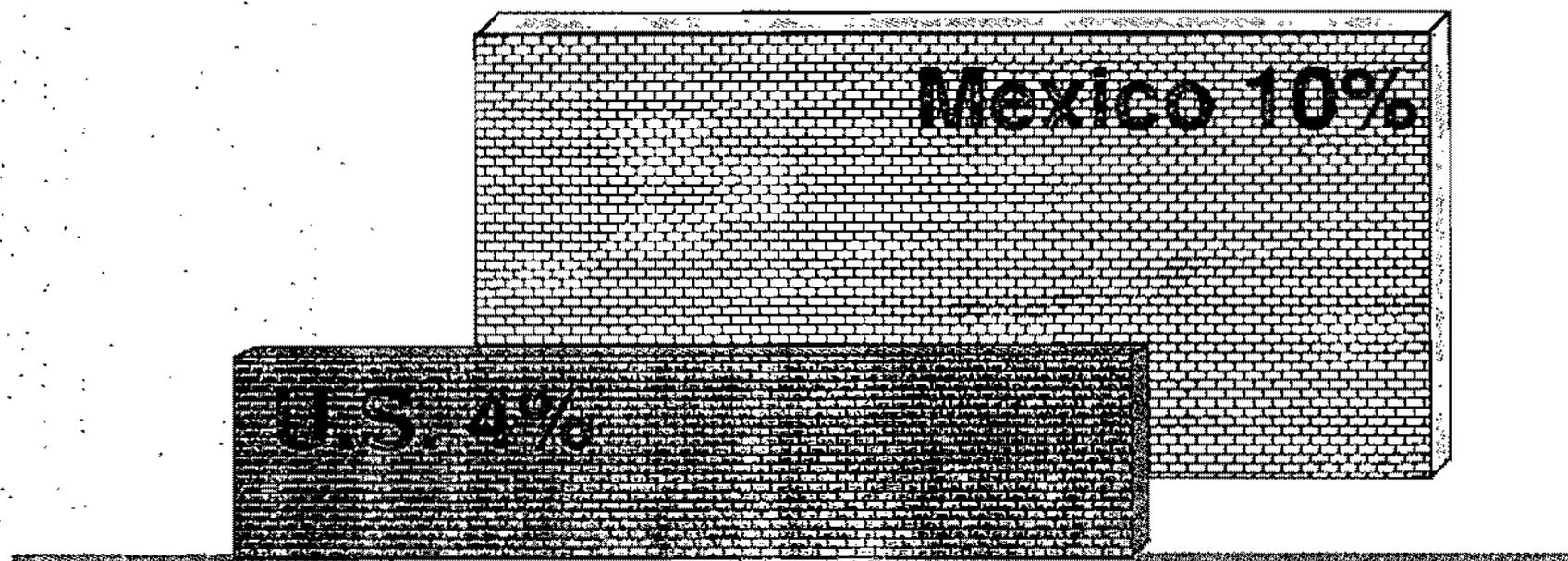


Source: WEFA

U.S. Jobs Supported by Exports to Mexico Pay More Than Other U.S. Jobs



Mexico's Average Tariff Barriers Against U.S. Exports are 2.5 Times Higher than Equivalent U.S. Tariff Barriers Against Imports from Mexico



NOVEMBER 7, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER
CHRIS ULRICH

SUBJECT: DEBATE MESSAGE BOOK

This briefing book, is primarily a message book. It includes the goals and strategy, the message, and the attacks and soundbites you can use. The book also contains your rebuttals to Perot's themes and soundbites. Additionally, there is some further background on late breaking agreements (citrus & sugar agreements), the real picture of Mexico today, and the environmental response.

The Book is organized as follows:

YOUR MESSAGE

Goals & Strategy
Your Overall Message
Your attacks
Your Zingers

PEROT REBUTTALS

Perot's talking points
Responses to Perot
Perot's arguments
Perot's one-liners
Perot's contradictions and lies

FURTHER BACKGROUND

Mexico Today
Late agreements
Goods to Mexico
Environment

November 7, 1993

STRATEGY MEMORANDUM

I. Primary Goals.

Your main purpose in the debate is to persuade undecided Members of Congress that support for NAFTA can be justified to the voters. To do this, you will need to show that the opposition is wrong on the facts, and that a vote for NAFTA can be clearly explained. Many of the undecideds would like to support the Agreement, as you know. What you need to do is show Members that they can vote for NAFTA with confidence.

Many of the undecideds dislike Ross Perot almost as much as they crave labor support. By making Perot the voice of opposition, the debate gives you an opportunity to challenge the integrity of anti-NAFTA arguments. Members of Congress and the public at large should be reminded that NAFTA is opposed by demagoguery more than anything else. Again, the operating principle should be, *Perot offers fear; we'll give you the facts.*

The more people learn about NAFTA, the more they support it. To win this debate, you must make clear that the Agreement will create jobs by increasing American exports. Credibility can be established by pointing to the support NAFTA has received from Presidents Bush, Reagan, Carter, Ford, and Nixon, along with 42 governors and 14 Nobel Prize winning economists. The opposition, on the other hand, has engaged in gross exaggeration that plays on very real fears of job loss. But Perot statements about factories that have moved to Mexico has no bearing on a post-NAFTA economy. Fear-mongering threatens to throw more-and-more Americans out of work. *This debate is about optimism against pessimism, the future not the past, and reality over rhetoric.*

Perot has identified the problem--job loss--but he can't connect it to NAFTA. This is the glaring logical fallacy at the center of Perot's case: Today, there is nothing to stop a company from seeking a cheap workforce in Mexico. Perot leaves himself vulnerable when he tries to prove that NAFTA will make that worse: Listening to Perot, you would think that the U.S. is surrounded by protectionist walls that NAFTA reduces Mexican protectionism first and foremost. This fact can be raised repeatedly, during the debate. *For every horror he raises, you can shake your head and say, That's true, Ross, but that happens now--and it will continue to happen until we pass NAFTA.*

The argument for NAFTA must recognize current job loss but emphasize our prospects for a better future:

- o *We will increase exports.* America will sell 60,000 more cars in Mexico the first year after NAFTA passes (as opposed to 1,000 last year). We will sell nearly \$3 billion in computers and telecommunications equipment. We will sell over \$2 billion dollars in food products. *Altogether, NAFTA will allow increased exports that will create over 200,000 jobs right here in the United States.*
- o *Mexico will buy from someone--either Europe, Japan, or America--so the United States should get into the game now.* Timing is everything.
- o *The United States, Canada, and Mexico will form the largest economic market and the most powerful trading alliance in the world.* It will be larger and more powerful than either the Europeans or the Japanese--and America will lead the way.

Overall, NAFTA should be presented in an optimistic, expansive, even visionary fashion, stressing the benefits of exports as well as our confidence that America can compete and win in the world marketplace.

II. Perot's Goals / Pro-NAFTA Rebuttals.

Ross Perot is principally interested in self-promotion, and if he can kill an agreement favored by everyone in what he views as "the Establishment," then he will have scored a coup. His style is to use charts and photographs designed to stoke a fear of change.

First, the fine print undermines any positive aspects of the agreement you highlight. No one has read the Agreement but him, and he can tell how it is that we are really just-giving away the store. *You must show that you have read the agreement--including the details--and that his reading of it fails to match reality.*

Second, Perot claims that 59¢-hour wages will suck jobs down to Mexico, and there is nothing we can do to stop it. *You must point out that Mexico is a \$40 billion market that NAFTA will open to American exports. Furthermore, it is important to state that Saturn, Nissan, and Toyota all had the*

chance to chase low-wage workers in Mexico, but chose to build cars here in the United States.

Third, he tends to play on audience emotions by personalizing the issues he talks about. You must be as clear and concise as possible, and use specific stories whenever you can.

Substantive responses to his main questions are outlined below.

Perot: NAFTA will kill American jobs by luring American factories with cheap labor.

Response: NAFTA will help us export American goods to the Mexican market, and thereby create American jobs. Employers are looking for more than just a source of cheap labor: They need expertise, education, and experience. If cheap labor was the defining factor, then GM would have built its Saturn plant in Mexico. But GM knows that Americans contribute more than just time in the shop--they give a spirit and determination unmatched anywhere in the world.

Perot: Mexico is a poor country that cannot afford America exports. Perot will likely tell the stories of two people: One is about an American woman who loses her job due to a factory closing. The other is about a woman in a photograph he carries--she lives in a cardboard box in the shadow of a GM plant. He will argue that neither country gains from NAFTA.

Response: NAFTA will help us export more American goods to the Mexican market. Thousands of Americans who build airplanes, computers, and earth-movers know that we export to Mexico *right now*. Mexico is a \$40 billion market we need to open for American exports. Again, we will sell 60,000 more cars in Mexico the first year after NAFTA passes, nearly \$3 billion in computers and telecommunications equipment, and over \$2 billion dollars in food products, which including other exports, will create over 200,000 jobs right here in the United States.

Perot: This is an insider deal. Perot often makes the point that NAFTA was devised by high-priced lobbyists and bungling bureaucrats who couldn't negotiate their way out of a paper bag. He says the

Mexican government has announced that their representatives got the better of their American counterparts.

Response: *This is the most openly debated Agreement ever. The Larry King debate itself shows how openly this Agreement is being presented to the public. Indeed, the public would have a greater understanding of what is really in NAFTA if there was not a campaign of misinformation clouding the issues. Everyone likes to say they beat the other negotiators, but the point is not who believes they negotiated well--the point is that the end product provides U.S. access to Mexican markets.*

Perot: *Mexico is spending \$30 million to pass this over the heads of the American people.*

Response: *This agreement is good for Mexico, it's good for Canada, but most importantly, it good for the American people. This is what we have saying all along: It's a win-win agreement that will create jobs by letting Mexican consumers purchase American-made goods.*

Perot: *The White House is spending taxpayer dollars to sell the American people on a plan to take away their jobs.*

Response: *NAFTA will creating American jobs by maximizing exports. It would be a whole lot easier to create jobs in this country if there was less disinformation floating around.*

Perot: *This agreement steals sovereignty from the American people by creating commissions that can strike down our laws.*

Response: *The Commissions on the environment and labor address the enforcement of existing domestic laws in the U.S., Canada, and Mexico. They cannot create new laws--and cannot change existing laws. This is a great deal for the United States because we have a far stronger record of environmental enforcement, and if Mexican laws are more firmly enforced, U.S. companies have one less reason to go to Mexico.*

III. Perot's Own Weaknesses.

Perot's company is looking for business in Mexico in anticipation of NAFTA. According to news accounts, the President of Perot Systems Corporation is in Mexico to find new markets the company can profit from when NAFTA passes.

Perot is reckless in his predictions of doom. He was wrong when he said America would lose 40,000 lives in the Gulf War, he was wrong when he said there would be widespread bank closures last December-- and he is wrong now in his doom-saying about NAFTA.

Perot fails to see that NAFTA is patriotic. Americans have everything it takes to lead the charge into world markets. If Perot thinks cheap wages are everything, he fails to see that it is American education, expertise, and experience that manufacturers are really trying to find.

Perot's rhetoric threatens to undermine U.S. credibility. We need to show that we can negotiate a new relationship with the world without being scared off by the future. We can run with the challenge. *American's are not quitter's, Ross.*

Perot was asleep at the wheel when GM decided to send jobs to Mexico. Perot was on the board of directors when GM made the decision to move jobs to Mexico. (Since Perot left, GM has decided to move a lot of those jobs back to the U.S., and NAFTA would allow them to return a lot more.)

Perot profits from the status quo through the Alliance Corridor Projects. Perot has invested a lot of money building a foreign trade zone in Texas called Alliance Corridor. If NAFTA passes, he will lose all the profits from Alliance while American workers in small towns and cities across America will gain jobs.

IV. Techniques.

You will want to remain friendly and gracious, for the most part--but there will be a moment of indignation when you can strike him off balance and take control. As with presidential or vice presidential debates, the press will redact a compelling exchange, witticism, or sound-bite that supposedly encapsulates the entire encounter. You will want to show command of the situation.

Remain generally cool and cordial. This not a campaign against Perot; it is a discussion with the American people that will give you a chance to level with them about NAFTA. Perot is wrong and you are right--you just need to get the facts across.

Remember that Perot is just a foil to convey an argument. It is important to show the flaws in his understanding of NAFTA and its effects, but it is just as important to demonstrate why the Agreement is good for American workers.

Interrogate Perot. Perot's knowledge only goes as deep as his sound bites. You can help to show his superficiality (and the depth of your knowledge) by asking pointed questions and then responding to his pat answers. Perot will try to back out; you must demand that he tell the American people what he knows. If you use this approach, Larry King will likely back off and let you the debate. Again, it is important, not to let the interrogation displace your presentation of the positive aspects of NAFTA.

Tell Perot that "The American people are not quitters." Perot tries to let people think he has always been a success. In fact, he quit the Navy, EDS, GM, and the presidential race. Now he wants America to back down from an important challenge. At the appropriate moment, when he is showing his protectionist stripes, tell him, "*The American people are not quitters. Ross.*"

Stay with a clear and simple message. NAFTA is a complicated issue, and Perot will likely try to draw you into a discussion of the technicalities. If you do this, Perot will have an opportunity to regain control with a sharp rhetorical line. Remember. Most people in the audience have little knowledge of NAFTA, and what they do know is sketchy or wrong. You must show connection with the audience by keeping the message in language they will readily understand.

Get Perot off his script. Perot is notorious for getting agitated when he is confronted with issues he does not want to deal with. When he is persistently asked for details he doesn't have, or when the discussion turns to his family, he loses control and becomes less able to handle new questions. For instance, Perot said he first dropped out of the presidential race after he heard a rumor--just a *rumor*--that Bush was going to spoil his daughter's wedding. This year, on "Meet the Press," he lost his footing when asked about differences he had with his son about NAFTA, and about the details of his own budget-cutting plan.

If Perot lies, hit hard. Perot uses sharp humor and often stretches the truth, but sometimes in the NAFTA debate he makes statements that are just plain wrong. You need to call him on his falsehoods.

Make clear that Perot's rhetoric is part of his nature, but it is not part of the real debate. NAFTA isn't about sound-bites; it's about a sound agreement that brings jobs to the United States. If his jokes are funny, smile--but bring the debate back to the facts at hand.

Talk about exports. Abstract discussion of *jobs* has been found to be unpersuasive. People need to think in terms of exports--*NAFTA means selling American-made cars, computers, telecommunications equipment and other products in Mexico.* Making this point strikes a direct chord among those involved in export industries, and paints a more detailed picture for those who do not quite understand how NAFTA will create jobs.

Avoid free-trade arguments when a pro-U.S. export argument can be used instead. Free trade is *NOT* a winning argument. When NAFTA is framed simply in terms of American productivity in a free trade environment, NAFTA loses. Any discussion of American productivity should make clear that the Agreement was strategically designed to tear down Mexican trade barriers and maximize American exports can take advantage of the growing market south of our border.

When talking about Mexico, always speak in the aggregate. The public tends not to believe the facts about wage levels for individual Mexican families. But people *do* respond to statements about the size of the Mexican market. Thus, while they do not believe that the average Mexican worker makes a living wage, they will understand that the Mexico is a \$40 billion market ready to consume American exports. You will also want to talk about a Mexico's large and growing middle class that is eager to purchase American exports.

tariffs in 1986; since then:

- Our exports have boomed from \$12 billion then to \$40 billion now.
- We've turned a \$5.4 billion trade deficit into a \$5.6 billion trade surplus.
- 700,000 U.S. jobs now depend on exports to Mexico.
- *Autos.* Current Mexican law requires many cars sold in Mexico to be built in Mexico. In addition, there is a 20% tariff. Under NAFTA, these laws are repealed. Today, only 1000 U.S.-built cars are sold in Mexico; the Big Three estimate that in the first year alone, some 60,000 U.S.-built cars will be sold there. And Japan and Germany will still face a 20% tariff.
- *Computers:* Two years ago, by one estimate, Mexico bought 120,000 U.S.-made computers. Last year, they bought 390,000. This year, they expect to buy 600,000. This is all with a 20% tariff; imagine how many we'll sell with no tariff.
- By giving us *preferential access to the Mexican market*, NAFTA helps us compete with Europe and Japan. That's why the Japanese deputy trade minister said that NAFTA was "sneaky protectionism" because it helped our auto and textile industries compete with Japan.

American workers have everything it takes to compete and win. We have education, expertise, and experience. If cheap wages were all that mattered, Haiti and Bangladesh would be world manufacturing centers. Perot and the America-can't-win crowd believe that we can't compete, and that our only remedy is to hide behind walls of protectionism. That's not only self-defeating and economically illusory; it's cowardly and counter to the American character. Think of how Reagan would argue for this against a cartoon Mondale.

- U.S. workers are five times as productive as Mexican workers. The cost of producing a car there is actually \$140 more than producing it here.
- When Mercedes Benz and Toyota chose to locate in this hemisphere, they chose the U.S., not Mexico.

THE MESSAGE

I. PRO-NAFTA ARGUMENTS

The argument for NAFTA should be presented in an optimistic, expansive, even visionary fashion, stressing the benefits of exports as well as our confidence that America can compete and win in the world marketplace. This case can be made with a three part argument.

1. Exports

Exports create jobs. (Perot has made the NAFTA debate a referendum on job loss; You must make it a referendum on exports.) America is part of a global economy; we can't simply close our eyes and pretend that's not so. If we don't expand trade, our economy will wither. We must expand our access export markets in Mexico and the world.

- Half our economic growth over the past five years came from exports.
- Seven million U.S. jobs depend on exports.
- Export-related jobs pay 17% above the average U.S. wage.
- Latin America is the world's second fastest growing market. We have a trade problem, but with Asia, not Latin America.

NAFTA will create jobs by tearing down Mexican trade barriers and allowing U.S. exports into their markets. This simple causal relationship cannot be overstressed. Don't even assume people know what "tariffs" are.

- Mexico slaps tariffs averaging about 20% on our goods coming in. Their tariffs are on average 2 1/2 times ours. NAFTA will eventually reduce their tariffs to zero.
- We expect that NAFTA will create 200,000 jobs by 1995 alone. That's many more than will be lost due to dislocation.
- We know that this will work because it already has. Mexico began lowering its

2. NAFTA makes it less likely that firms will move to Mexico

Acknowledge the pain of job loss, but emphasize that NAFTA will discourage firms from moving there. Again, Perot has made NAFTA a referendum on job loss. The pain and fear are real. You should begin your conversation with Perot by acknowledging the fact that jobs are moving to Mexico, and recognizing the anguish this brings to American families.

Middle class Americans are uneasy about trade, and that's understandable. Over the past 12 years, their incomes have gone down, jobs have left, and they have been less secure. But the problems they associate with NAFTA are actually problems with our current trading relationship with Mexico. Any firm that wants to move to Mexico already can, and would be able to if we defeat NAFTA. But NAFTA will make things better, not worse. It's the cure, not the disease.

- NAFTA contains numerous specific provisions to open Mexican markets. It lets U.S. firms ship products to Mexico, not factories.
- NAFTA will raise the cost of production in Mexico by raising their environmental and labor standards.
 - For the first time ever, a trade agreement will require Mexico to enforce their environmental laws (the laws are relatively strict, but they haven't been enforced). We can impose trade sanctions if they don't. *You have strong prima facie credibility on the environmental issue, and you should not be afraid to use it. ("I believe I've earned my reputation as a committed environmentalist. In fact, if anything, usually I'm criticized for being too concerned about environmental protection. I am telling you that I do not have an ounce of doubt that NAFTA will help the environment, and thus keep jobs here. That's one reason I'm for it.")*
 - President Salinas has committed to raise Mexico's minimum wage with productivity. The minimum wage is low, but of course, the average factory wage there is higher -- the same as here in the U.S.

3. Compare NAFTA's supporters with opponents.

The public still doesn't know much about the agreement, and looks to "validators" for cues. So it is helpful to contrast NAFTA's supporters with its supporters -- Ross Perot, Pat Buchanan, Jerry Brown, etc. Two caveats: a) This argument can easily sound elitist. A good way to make it is to say that we are confident that average working Americans will agree with all the presidents, etc.; b) some of their people should not be referenced -- e.g., Ralph Nader is popular and is

their strongest validator; labor hurts them but is politically problematic to attack.

NAFTA is supported by:

- all five living former presidents;
- 41 governors, whose job is to produce jobs for their states;
- 14 Nobel Laureate economists;
- public figures ranging from Colin Powell to Tip O'Neill

4. *This is a test of American leadership.*

Perot has appropriated economic nationalism for his own purposes; we must seize it back.

- NAFTA would create the largest trading bloc in the world, right in our own backyard, and this powerful alliance would be *led by the United States.*
- If NAFTA is rejected, Mexico will likely turn to other partners. Salinas has said as much.
- If NAFTA is rejected, what conceivable right do we have to tell other countries to lower their trade barriers to our goods? Among other things, it will doom the GATT talks.
- This agreement was negotiated by two presidents of both parties. If it is rejected, what will that say to the world about the strength of American character and the durability of our word?

American workers are the best in the world, and they can compete with anyone. The United States has never backed down from a challenge. The American people are not quitters.

II. ARGUMENTS TO UNDERCUT/UNNERVE THE OPPOSITION

1. Paint him as protectionist, backward-looking, and small. Polling shows that "protectionism" continues to have strong negative connotations -- even though "free trade" isn't terribly popular either. All he ever does is complain and criticize. Now he's exploiting people's real concerns for his own political gain.

2. **Perot has pointed out the problem, but can't connect it to NAFTA.** Perot has pointed out real problems, but he can't connect them to NAFTA. This is the glaring logical fallacy at the center of Perot's case: Today, there is nothing to stop a firm from seeking a cheap workforce in Mexico. Perot stumbles when he tries to prove that NAFTA will make that worse. (Perot and his co-author, Pat Choate, lamely argue that lots of firms are now "on the fence," and that NAFTA's intellectual property protections and anti-expropriation measures will "tip the balance.") This fallacy can be brought up repeatedly during the debate; for every horror he raises, you can shake your head and say, *That's true, Ross, but that happens now and will continue to happen until we pass NAFTA.*

3. **Point out the opposition's gross exaggerations.** Perot and others are given to extreme argument that are cast without foundation. Among the most egregious examples are a) his claim that NAFTA will put at risk 5.8 million U.S. jobs; b) his assertion that demented and untrained Mexican truck drivers will be careening around our highways; c) his claims that union organizers are regularly shot in Mexico.

4. **Force him to defend the status quo.** Defeating NAFTA will leave the Maquiladora zone unchanged and Mexico's tariffs in place. To date, this debate has been whether NAFTA is perfect; we are helped if we shift the focus to the consequences of rejecting the pact. After all, the current trade barriers separating the U.S. and Mexico was designed to protect the Mexican market from American-made goods. Mexico has more protective legislation than the U.S., and tariffs for exports heading south of the border are 2 1/2 times higher than for goods coming in the U.S.

RESPONSES TO KEY PEROT THEMES

I. JOBS

PEROT: *"You're going to hear a giant sucking sound of U.S. jobs moving south to Mexico."*

- ✓ NAFTA will create 200,000 new American jobs by 1995. That's why it's supported by [every living] American Nobel Prize winning economist.
- ✓ That sucking sound you hear is the sound of exports going to Mexico. Our experience in the past five years provides a taste of NAFTA's potential. Since Mexico began opening its markets in 1986, we have transformed a \$5.7 billion trade deficit with Mexico into a \$5.6 billion surplus by 1992. In 1986 U.S. exports supported 274,000 American jobs; in 1992, they supported 700,000.
- ✓ Virtually every objective study of this agreement concludes it will create jobs. Of the 20 comprehensive studies of NAFTA's effects on U.S. jobs, 19 have found that NAFTA will create far more jobs than it takes away.
- ✓ Export jobs are high paying jobs. Export jobs pay 17% more than typical American jobs.
- ✓ Americans earn higher wages because they're better workers. The World Bank estimates Mexican wages are approximately one-fifth of U.S. manufacturing wages -- they also estimate that U.S. workers are about five times more productive than Mexican workers. That means it takes five Mexicans to do the work of one American.
- ✓ Wages are far from the only consideration. In addition to the most productive workers in the world, the U.S. has a superior system of transportation, communications, energy, and the business support services necessary to doing business in the modern economy.
- ✓ That's why it's cheaper to build a car in the U.S. than in Mexico. In a recent study, the Office of Technology Assessment recently found that it is \$410 cheaper to produce a car in the U.S. than in Mexico.
- ✓ Many U.S. companies are moving back from Mexico. GM moved [1,000] jobs back from Mexico to Lansing Michigan. Quality Coils moved jobs back from Mexico to Connecticut. Atlanta Saw moved jobs back from Mexico to Georgia. Like many companies, these businesses found that low Mexican

wages were no bargain compared to the advantages of producing in the U.S.

2. FOREIGN LOBBYISTS AND SECRET NEGOTIATIONS

PEROT: *"[F]oreign interests can buy the knowledge, contacts, and advice of both famous and not-so-famous former government officials and Members of Congress -- Washington's so-called revolving door . . ."*

"[S]ecret trade negotiations (such as NAFTA) [can alter government] regulations without the need for notice and public comment."

- ✓ **No trade agreement was ever negotiated more publicly.** No trade agreement has ever been negotiated with more input from the public and the Congress. USTR worked with 39 advisory committees composed of over 1000 representatives of U.S. industry, agriculture, labor and environmental groups as well as state and local government officials.
- ✓ **Labor was actively consulted.** The "Labor Advisory Committee" -- composed of over 100 representatives from a broad range of organized labor -- met with negotiators 42 times to discuss details as the deal was negotiated.
- ✓ **NAFTA's full text has been available for over a year.** The full text of the NAFTA was made available to the public on September 18, 1992.
- ✓ **Congress decides whether we pass NAFTA.** We're not trying to slip something past the American people. We're here today on national television -- it doesn't get more public than that.
- ✓ **President Clinton has slammed shut the revolving door.** On his first day in office, President Clinton put in place the most stringent post-employment restrictions on post-employment lobbying ever adopted: Senior appointees and are forbidden from ever lobbying for a foreign government or business.

3. THE U.S. GOT OUT-NEGOTIATED

PEROT: *"Clearly, the Mexican negotiators out trade the U.S. negotiating team . . . The U.S. negotiators stuck to their strategy and gave away more U.S. jobs."*

- ✓ The Mexicans give up a lot. NAFTA requires Mexico to give up tariff barriers that average 250% higher than U.S. tariffs. NAFTA also requires Mexico to open up its entire service sector to competitive U.S. industries like insurance, banking and advertising. It levels a playing field that today is tilted against us.
- ✓ The U.S. gives up very little. We already have a one-way free trade agreement with Mexico. Half of all Mexican goods already enter the U.S. duty free. The average U.S. tariff on Mexican exports is only 4%.
- ✓ Mexico made unprecedented commitments on labor and the environment. The President made NAFTA even better by negotiating side agreements to make sure that increased trade does not come at the expense of workers or the environment.
- ✓ Take Lee Iaccoca's Word. He has been a strong critic of many past trade deals. But he says NAFTA is a good deal for Americans.

4. "NAFTA TAKES AWAY AMERICAN SOVEREIGNTY."

- ✓ NAFTA preserves U.S. sovereignty. The Commissions on the environment and labor address the enforcement of existing, domestic laws in the three NAFTA countries. The Commissions cannot create any laws -- and cannot change existing U.S. environmental and labor laws.
- ✓ This was a great deal for the U.S. Unlike Mexico, the U.S. has a strong record of enforcement. The commissions are far more likely to affect Mexico than the U.S.

5. MEXICO IS POOR

PEROT *"The eventual elimination of Mexican tariffs on U.S. goods going to Mexico, which average only about ten percent, will mean little to most U.S. companies and workers. The reason is simple: Mexico's market is small -- less than five percent of the size of the U.S. market -- and Mexican consumers are poor."*

- ✓ Even with high Mexican trade barriers, Mexico is already an extremely important U.S. export market. Mexico today is the second largest market for U.S. manufactured exports and the third largest market for U.S. farm exports.

- ✓ Mexicans spend more on a per capita basis than the Japanese or the Europeans. Last year, the average Mexican bought \$450 worth of U.S. goods. That's more than was spent by the average Japanese (\$385) or the average European (\$).
- ✓ Mexicans prefer American products. Mexicans spend 70 cents of every import dollar on American-made goods.

6. "MEXICO IS CORRUPT AND AUTHORITARIAN."

- ✓ NAFTA promotes democracy and reform. Mexico is certainly not perfect. But passing NAFTA will strengthen the hand of Salinas and other Latin American leaders committed to reform. Rejecting NAFTA could well reignite the fires of anti-Americanism, protectionism and authoritarianism.
- ✓ Salinas has made significant strides. For example, in late 1991, Salinas fired or retired the [entire] customs inspection force along the U.S. border. It replaced them with newly-trained personnel earning [ten times] the old salary to counter incentives for corruption. That takes political courage -- and commitment to reform.

7. "NAFTA WILL DESTROY THE ENVIRONMENT."

- ✓ NAFTA is the greenest trade agreement in history. That's why it's supported by the National Wildlife Federation, the World Wildlife Fund, the National Audubon Society, the Natural Resources Defense Council, and the Environmental Defense Fund.
- ✓ NAFTA creates a precedent setting trinational commission on the environment. The NAFTA environmental side agreement creates a pathbreaking trinational organization devoted to protecting the environment. No NAFTA means no commission.
- ✓ NAFTA puts teeth into enforcement. NAFTA allows the U.S. to impose fines and trade sanctions if our NAFTA partners fail to enforce their laws protecting the environment. No NAFTA means no leverage to ensure Mexican enforcement.
- ✓ NAFTA pools billions of dollars for border cleanup. The United States and Mexico have agreed to create a revolutionary new entity for funding border cleanup. The NAFTA will bring \$8 billion to bear on pollution in the border area. By pooling and leveraging assets from the private sector, the World Bank, both federal governments, and state and local governments -- cleanup comes at a minimal cost to the federal government. No NAFTA means no funds for border cleanup.

8. NAFTA RAISES YOUR TAXES

ANTI-NAFTA AD: *NAFTA will require \$30 billion in new taxes.*

- ✓ NAFTA cuts taxes. NAFTA cuts tariffs by about \$2.5 billion, so that really represents a tax cut for consumers. That's one of the main benefits of NAFTA.
- ✓ Under budget rules, we must offset those tariff reductions. Some of this comes from increased user fees, but much comes from tougher customs enforcement and better government accounting practices. Some of these practices were suggested as a part of Reinventing Government. On balance, NAFTA is a net tax reduction.
- ✓ The revenues produced by the growth in trade swamp any of NAFTA's costs. NAFTA means more exports and more income for our companies -- so more tax revenue for the federal government. Those revenues far outstrip any of the costs associated with NAFTA.
- ✓ Don't take my word for it -- ask Newt Gingrich. On the House floor last week, he said that NAFTA will represent a net \$1.8 billion tax cut.