

## MISCELLANEOUS NAFTA ARGUMENTS

### JOB ISSUES:

**ARGUMENT:** *NAFTA IS REALLY AN INVESTMENT AGREEMENT. THE REAL GOAL OF NAFTA IS TO MAKE MEXICO STABLE FOR U.S. INVESTMENT. NAFTA'S A GREAT DEAL FOR BUSINESS OWNERS BECAUSE THEY GET CHEAP LABOR. BUT AMERICAN WORKERS LOSE THEIR JOBS. [NOTE: PEROT VARIATION OF "SUCKING SOUND" THEME]*

**ANSWER:** You've got it exactly backwards. The problem with the status quo is that, for many American businesses, the only way to sell in Mexico is to manufacture in Mexico.

### ADDITIONAL POINTS:

- That's because of high Mexican tariffs and rules that actually require sectors like the auto industry to manufacture in Mexico. At the same time, the U.S. market is wide open. Half of Mexico's exports to the U.S. already come into the U.S. duty-free. The average U.S. tariff is only 4%.
- NAFTA opens the Mexican market to U.S. exports -- letting us sell to Mexico what we produce in the United States.
- This is especially true for small American businesses. They can't afford to get around Mexico's trade barriers. The only way they can sell to Mexico is if NAFTA tears down Mexico's trade barriers.

**ARGUMENT:** *IF THE NAFTA WERE GOOD FOR AUTO WORKERS, THE UAW WOULDN'T BE OPPOSED.*

**ANSWER:** The position of the UAW is tough to understand -- because the auto sector is one of the biggest winners under NAFTA. Consider the situation with and without NAFTA.

### ADDITIONAL POINTS:

- No NAFTA means U.S. auto exports will continue at their current paltry level - barely 1,000 units last year to a country with 90 million people. **With** NAFTA, the Big Three estimate that they will export 60,000 vehicles to Mexico in the first year alone.

- NAFTA eliminates Mexican laws that force U.S. companies to manufacture in Mexico if they want to sell in Mexico:
  - ✓ Mexico has a law that actually requires U.S. companies to manufacture two cars in Mexico for every U.S. car that we export to Mexico.
  - ✓ Mexico has a 20% tariff on the U.S. cars that are exported to Mexico. That's a 20% tax collected by the Mexican government. That makes U.S. companies move to Mexico -- to avoid the tariff. Compare that to the U.S. tariff -- only 2.5%.
- Last week, Congressman Esteban Torres--a former leader of the UAW -- endorsed NAFTA.
- Since the conclusion of NAFTA last year, the five major new investments announced for North American auto facilities have all gone to the United States -- not Mexico. Of the ten new auto investments scheduled to start up this year, two are in Mexico and eight are in the United States.

**ARGUMENT:**        *NAFTA WILL PUT 5.9 MILLION AMERICAN JOBS AT RISK.*

**ANSWER:**        You're flat wrong. 13 American Nobel Prize winners and 19 out of 20 comprehensive studies say NAFTA will create jobs. We would not support this agreement if we didn't believe it would create jobs.

- If you don't trust the studies, look at our experience. Since Mexico began to open its market in 1986, we've turned a \$5.7 billion deficit with Mexico into a \$5.6 billion U.S. surplus.

**ARGUMENT:**        *EVEN IF THE NATIONWIDE BENEFITS OF NAFTA ARE POSITIVE, YOU HAVE TO ADMIT THAT SOME AMERICANS WILL BE LOSE THEIR JOBS. WHAT ARE YOU DOING TO HELP THOSE AMERICANS?*

**ANSWER:**        With or without NAFTA -- some Americans in sensitive sectors may face dislocation because of international competition. While NAFTA will create far more jobs than it takes away, this Administration is committed to helping all Americans.

**ADDITIONAL POINTS:**

For Americans in sensitive sectors, the Administration has undertaken several measures to make adjustment easier:

- ✓ **Long Phase Outs:** Rather than reduce U.S. barriers in one fell swoop, tariffs in sensitive sectors are phased out over time. For the most sensitive sectors, U.S. barriers come down over a period of 15 years.
- ✓ **A comprehensive worker adjustment program:** We intend to create a new, comprehensive program to help workers who lose their jobs -- for whatever reason.
- ✓ **Interim Provisions for NAFTA:** As part of the NAFTA implementing legislation, we have proposed an interim program to cover any NAFTA related dislocations occurring before the comprehensive program is in place. This program has the same comprehensive services that ultimately will be provided by the broader program.

**ARGUMENT:** *WORKER RETRAINING DOESN'T WORK. THE NEW YORK TIMES JUST LAST WEEKEND RAN A LONG STORY ABOUT THE FAILURE TO FIND PEOPLE MEANINGFUL NEW JOBS. ONLY ONE OUT OF FIVE EARY MORE THAN 80% OF THEIR OLD WAGES.*

**ANSWER:** I agree that the current retraining programs don't work. The President made the same point last week in Lexington. That's why we're creating a new comprehensive program to help workers who lose their jobs -- whatever the cause of dislocation. And as you point out, the key is creating new, meaningful jobs -- that's what NAFTA is all about -- creating high paying jobs.

**ARGUMENT:** *YOU SAY THAT MEXICO HAS HIGHER TRADE BARRIERS THAN THE U.S. ALTHOUGH THIS MIGHT BE TRUE GENERALLY, SOME U.S. INDUSTRIES BENEFIT FROM HIGH BARRIERS. THIS IS CERTAINLY TRUE OF SECTORS LIKE TEXTILES AND APPAREL.*

**ANSWER:** The U.S. can compete with Mexico in both the textile and apparel sectors. Despite high Mexican tariffs of 10-20%, the U.S. actually exported \$1.6 billion worth of textiles and apparel products to Mexico last year -- enough to create an \$81 million U.S. surplus in the sector.

## ADDITIONAL POINTS:

- For the first time in decades, the textile manufacturers support a trade agreement.
- The problem with textiles isn't Mexico -- it's Asia. That's where a lot of U.S. textile jobs have moved. NAFTA gives the U.S. a leg-up on competition from Asia in textiles and apparel. NAFTA has a special rule that gives NAFTA benefits only to goods produced with North American content. It creates an incentive for plants in Asia to move back to North America.

**QUESTION:** *WON'T NAFTA SIMPLY CREATE A GIANT MAQUILADORA INDUSTRY IN MEXICO?*

**ANSWER:** No, in fact, NAFTA effectively eliminates the Maquiladora industry.

- ✓ The maquiladora program provides special customs treatment for companies who want to assemble products along the border and export them to the United States. The large majority of products assembled along the border are **not allowed to be sold in Mexico.**
- ✓ NAFTA changes this, by eliminating the perverse incentives given to companies to move to the border. Moreover, NAFTA eliminates the restrictions on maquiladoras from selling in Mexico.

**ARGUMENT:** *MOST U.S. EXPORTS TO MEXICO ARE REALLY EXPORTS TO MAQUILADORAS -- GOODS THAT ARE SHIPPED RIGHT BACK TO US.*

**ANSWER:** The bulk of U.S. exports to Mexico is for consumption in the Mexican market -- not return to the U.S. In 1992, U.S. exports to Maquiladoras comprised 22% of U.S. exports to Mexico, down from 32% in 1987.

- ✓ 83% of the growth in U.S. exports to Mexico in the last five years was outside the maquila sector.
- ✓ Even if U.S. exports to maquiladoras are not counted, Mexico buys \$353 per capita from the U.S. -- still higher than the

average European (\$297) and nearly as high as the Japanese (\$385).

**ARGUMENT:** *NAFTA WILL CAUSE LOW MEXICAN WAGES TO DRAG DOWN WAGES IN THE U.S.*

**ANSWER:** U.S. workers have higher wages because they are the most productive in the world. Mexico and almost every other country in the world have lower wages than the U.S. today, -- without NAFTA.

**ADDITIONAL POINTS:**

- Studies of the effect of NAFTA on wages predict a small but positive effect on average U.S. wages -- about .2 percent higher with NAFTA.
- Examples from other countries support these findings. For example, Germany was able to increase substantially its average wage between 1985 and 1989 at the same time that lower wage Spain and Portugal were integrated into the European Community.

**ARGUMENT:** *THERE ARE STUDIES ON BOTH SIDES OF THE JOB ISSUE.*

**ANSWER:** Nineteen of twenty comprehensive studies of NAFTA conclude that NAFTA will have a net positive effect on job creation in the United States.

- That's why thirteen American Nobel Prize winning economists supports the agreement.
- But we don't have to rely on studies. Our experience in the last five years has shown us NAFTA's potential. Since Mexico began to open its trade in 1986, the U.S. has turned a \$5.7 billion deficit with Mexico into a \$5.4 billion surplus.

**LIKELY PEROT ATTACKS**

**ARGUMENT:** *THIS IS NOT A FREE TRADE AGREEMENT, THE DOCUMENT IS 2000 PAGES LONG -- AND FULL OF NONSENSE IF IT WERE A FREE TRADE AGREEMENT IT WOULD BE ONE PAGE LONG WITH TWO SIGNATURES. THE NAFTA REALLY IS A VOLUME OF SPECIAL DEALS FOR SPECIAL INTERESTS.*

**ANSWER:** Everything can't be reduced to one-liners. In the real world, there are complicated issues. The trade relationship between the U.S., Mexico and Canada covers a \$6.5 trillion dollar economy with 360 million consumers.

- The NAFTA reduces the tariffs on some 30,000 different products -- of course it's long.
- The NAFTA is long in part to make sure that the workers and environment are protected -- and that our competitors don't use Mexico as a backdoor to the U.S. market.
- The U.S.-Canada FTA was 1667 pages long, but you weren't against that.

**ARGUMENT:** *ALL THE NAFTA IS A PRODUCT OF WHEELING AND DEALING AND PORK BARREL DEALS WITH CONGRESS.*

**ANSWER:** Any time the President can fight for the American people, we will. And that's what He did with NAFTA.

- A lot of the things we fixed were thing you complained about in your book -- the environment, labor concerns. You can't have it both ways.
- Like any other piece of legislation, the NAFTA goes through the Congressional process. There is give and take, and changes are made. That's all part of our democratic process.

**ARGUMENT:** *THE PRESIDENT IS TOO CHICKEN TO DEBATE ME -- THAT'S WHY HE SENT YOU.*

**ANSWER:** The President debated you three times last year--that's enough for one person. This time--and it was my idea to challenge you to a debate--he wanted to give me a turn.

**ARGUMENT:** *IT'S UNTRUE THAT THE "AVERAGE" MEXICAN BUYS \$450 WORTH OF GOODS. WHAT WE'RE REALLY EXPORTING TO MEXICO IS FACTORIES -- BOUGHT BY THE MEXICAN ELITE.*

**ANSWER:** The thousands of Americans who manufacture airplanes, earth movers, machine tools, telecommunications and medical equipment no doubt disagree with the argument that their work is a drag on the economy.

**ADDITIONAL POINTS:**

- The point of per capita figures is to demonstrate the value of the Mexican market. On an annual per capita basis, the average Mexican buys \$450 worth of goods -- more U.S. goods than the more affluent Japanese or Europeans.
- In percentage terms, capital goods have been the slowest growing major export category to Mexico in the last five years -- down from 40% of total U.S. exports to Mexico in 1987 to 33% in 1992. By contrast, capital goods comprise 40% of U.S. exports to all developing countries and 39% of U.S. exports to the world.

## IMMIGRATION ISSUES

**ARGUMENT:** *NAFTA WILL DRIVE FARMERS OFF THE FARMS IN MEXICO, THUS CAUSING AN INCREASE IN ILLEGAL IMMIGRATION, ESPECIALLY IN THE SHORT TERM.*

**ANSWER:** Attorney General Janet Reno says unconditionally that passage of NAFTA is the most important thing to help her fight illegal immigration. Men and women come across the border for one reason--jobs. NAFTA will create jobs in Mexico and raise wages there, thus allowing Mexican workers to stay in Mexico, with their families, relatives, and loved ones.

**ARGUMENT:** *NAFTA WILL CAUSE A SHORT TERM INCREASE IN ILLEGAL IMMIGRATION TO THE UNITED STATES.*

**ANSWER:** The United States is at risk of a short term increase in illegal immigration to the United States with or without NAFTA because of changes taking place in Mexico already. NAFTA is our best hope of minimizing the short-term increase.

- The Mexican government has already begun a series of agricultural reforms, aimed at modernizing the Mexican farm sector. These reforms will continue, with or without NAFTA. The result of these reforms is that some rural Mexican workers will be displaced from their jobs.

- Thus, these farmers will have two choices: find work in the urban areas of Mexico or continue on to find work in the United States. NAFTA will create opportunities in Mexico's cities so displaced Mexican workers will stay at home.

- NAFTA also contains provisions which will cushion the impact on Mexican agriculture. Indeed, sensitive agricultural sectors in Mexico have the longest phase in periods in the NAFTA--15 years.

**ARGUMENT:** *NAFTA WILL BRING SCORES OF TEMPORARY WORKERS INTO THE U.S., DISPLACING THE JOBS OF NURSES, DENTISTS, AND OTHER PROFESSIONALS.*

**ANSWER:** This is another example of the scare tactics and exaggeration opponents of NAFTA are using.

**ADDITIONAL POINTS:**

- NAFTA allows for a limited number of highly trained, highly specialized professionals--like doctors, lawyers, or engineers--the right to enter the United States. It does not give them the right to perform a service without proper licensing requirements in the U.S.
- In other words, even if the top Canadian or Mexican doctor wanted to practice in the U.S., he or she could not without fulfilling all U.S. medical licensing requirements.

**DRUGS**

**ARGUMENT:** *WE ALREADY HAVE LOST CONTROL OF OUR BORDERS. MORE TRADE WILL JUST INCREASE THE OPPORTUNITIES FOR ILLEGAL DRUG TRAFFICKING.*

**ANSWER:** Our problems with illegal drugs will be far better with NAFTA than without it. NAFTA does nothing to affect in any way existing controls on customs.

**ADDITIONAL POINTS:**

- By enhancing our ties with Mexico, NAFTA will facilitate cooperation in mutual efforts to fight illegal drugs. If we reject NAFTA, we are likely to undermine our relations with Mexico in a number of areas -- including cooperative law enforcement.
- Since Salinas has been in office, he has already moved in the right direction by increasing the Mexican anti-drug budget, battling drug lords, and tackling corruption.

- Customs Service Chief George Weiss said last month that although NAFTA will increase cross-border commerce, NAFTA's net effect will improve the Custom Service's drug interception efforts.
- The Customs Service is already increasing its agents in the region by about 20 percent (1400 to 1700).

## SOVEREIGNTY

ARGUMENT: *NAFTA VIOLATES U.S. SOVEREIGNTY.*

ANSWER: NAFTA absolutely preserves U.S. sovereignty:

- ✓ The Commissions on environment and labor are designed to address the enforcement of existing, domestic laws in the three NAFTA countries. The Commissions don't create new laws, or change existing U.S. environmental and labor laws.
- ✓ We negotiated the Commissions because we have had problems with Mexican enforcement of Mexican laws. The U.S., by contrast, has a good record of enforcement. In practice, the Commissions are likely to require far more from Mexico than from the U.S.

## JAPAN

ARGUMENT: *FOR JAPAN, NAFTA OPENS THE MEXICAN DOOR TO THE U.S. MARKET. THEY WILL SET UP THEIR PLANTS IN MEXICO AND THEN FLOOD THEM INTO THE U.S. DUTY-FREE*

ANSWER: Lee Iacocca doesn't agree with you. And I don't think the Japanese do either.

ADDITIONAL POINTS:

- Once again, the status quo already allows the Japanese to set up factories in Japan. Once there -- they face low tariffs when they ship their goods to the U.S. For example, Japanese cars from Mexico face a tariff of only 2.5%.
- NAFTA gives the U.S. a special deal. We get to ship our goods into Mexico duty-free. But Japan and the Europeans will continue to face Mexico's high trade barriers.

If we pass this deal up, somebody else will take it. The Mexicans have said already that they will look elsewhere for a partner if the U.S. rejects NAFTA.

## LABOR AND THE LABOR SIDE AGREEMENTS

**ARGUMENT:** *THE LABOR SIDE AGREEMENT LEFT OUT THE MOST IMPORTANT ISSUES -- INDUSTRIAL RELATIONS (THE RIGHT TO STRIKE, THE RIGHT TO BARGAIN COLLECTIVELY, THE RIGHT TO ASSOCIATE FREELY).*

**ANSWER:** The labor side agreement provides unprecedented protections for labor standards and pressure for their enforcement through a trade agreement. All labor law issues -- including industrial relations -- are covered by a combination of sunshine in the agreement itself and dispute settlement procedures in the agreement or in existing U.S. law.

- ✓ The U.S. retains the right to use the authority under Section 301 of the Trade Act, including trade sanctions, to deal with labor rights problems (e.g., industrial relations issues) not subject to sanctions under the procedures established in the side agreement.

**BACKGROUND:** As part of the side agreement, each country establishes a "National Administrative Office" (NAO). The NAOs in each country can receive complaints and conduct initial evaluations on enforcement of all labor laws. Industrial relations are also subject to formal review by the Ministerial Council established in the side agreement.

- ✓ For some issues, including minimum wages, occupational health and safety, and child labor, the side agreement provides for the creation of a trinational "Evaluation Committee of Experts" (ECE). An ECE can analyze enforcement questions. These issues are subject to dispute settlement and can result in fines and trade sanctions if remedies aren't instituted.
- ✓ Action by both the NAO and the ECE can be initiated by a single government -- it does not require the permission of the other NAFTA countries.

**ARGUMENT:** *THE MEXICAN COMMITMENT TO INCREASE THE REAL MINIMUM WAGE WITH PRODUCTIVITY IS A HOAX BECAUSE ONLY 15-20 PERCENT OF MEXICAN WORKERS EARN THE*

***MINIMUM WAGE. FURTHERMORE, MEXICO WON'T ENFORCE THEIR PLEDGE, JUST LIKE THEY DON'T ENFORCE ENVIRONMENTAL LAWS.***

**ANSWER:** All Mexican workers are subject to minimum wage legislation. And while 80-85% of workers earn more than the minimum wage, and thus won't be covered by the minimum wage law, many wages and benefits in Mexico are denominated in multiples of the minimum wage. Thus, many union and non-union workers wages will rise as the minimum wage rate increases.

- ✓ The NAFTA side agreement on labor enables us to make sure that Mexico enforces the minimum wage law. And if Mexico fails to effectively enforce the minimum wage law, we can seek fines or even trade sanctions against them.

**ARGUMENT:** ***NAFTA TAKES AWAY LEVERAGE ON LABOR RIGHTS CREATED UNDER GSP AND SECTION 301.***

**ANSWER:** The labor side agreement is better than GSP, creating leverage through an institutional, trilateral mechanism for addressing the full range of labor issues. NAFTA has no effect on existing U.S. worker rights provisions under Section 301 -- including Section 301's provision for trade sanctions.

**ARGUMENT:** ***MEXICO'S WAGES ARE KEPT ARTIFICIALLY LOW BY GOVERNMENT RULES GOVERNING BOTH MINIMUM AND MAXIMUM WAGES ("EL PACTO").***

**BACKGROUND:** Mexico's economic solidarity pact (now called the Pact for Stability, Competitiveness and Employment) came about because organized labor in late 1987 threatened a nationwide strike over the hyper-inflation (more than 150%) that was eroding worker purchasing power. To preclude a strike, the unions, employers, and government negotiated a one-year voluntary pact, renewed annually to establish non-inflationary wage and price increases.

**ANSWER:** Mexico in August unilaterally agreed to tie its minimum wages to productivity, something even NAFTA opponents have recognized as a "big step" in the right direction.

**ADDITIONAL POINTS:**

- It is true that during the early 1980s, a unique crisis period in Mexican history, real wages fell relative to productivity. That's because they were trying to control inflation -- something we wanted them to do.
- However, since 1988, the compensation of production workers in Mexican manufacturing has increased at 4.5% per year, approximately the same rate as productivity growth in manufacturing. The compensation of salaried workers has increased even faster.
- A 1992 government-labor-business accord on raising productivity and quality is now being implemented on the company and workplace level. At each workplace, wage bonuses over and above the recommended Pacto wage increase are being established linked to productivity performance.
- Business Week reports that some 8 million Mexican workers are employed in the companies under union contracts that stand to benefit from productivity bonuses. Telmex has set aside \$150 million for such bonuses and began awarding them in August.

**ARGUMENT:**            *NAFTA WILL ONLY HELP THE SUNBELT TO THE DETRIMENT OF THE RUST BELT.*

**ANSWER:**            NAFTA will benefit the entire country, not just selected regions. Forty-eight out of fifty states increased exports to Mexico since 1986, and five of the top ten states exporting to Mexico are northern industrial states.

## AGRICULTURE

**ARGUMENT:**            *NAFTA IS BAD FOR FARMERS AND AGRICULTURE.*

**ANSWER:**            Agriculture is one of the biggest winners in the NAFTA. Mexico is already our third largest market for agricultural products, and the USDA estimates that agricultural exports will likely be \$2.0 billion to \$2.5 billion higher than they would be without NAFTA.

### **ADDITIONAL POINTS:**

- Agricultural exports to Mexico already account for 81,000 American jobs. Increased exports from the new pact will add an estimated 50,000 agricultural jobs to the U.S. economy.
- There were some problems in the original NAFTA agreement with certain sectors of agriculture -- but we went back to the negotiating table with Mexico and fixed it -- for the benefit of American workers. Now the sugar and citrus

industries, who one week ago were the biggest opponents of NAFTA, support the agreement.

**BACKGROUND:** The sugar agreement closes a potential loophole which could have resulted in excessive imports of sugar from Mexico. Under this agreement, the U.S. quota for sugar imported from Mexico will not be lifted merely because Mexico substitutes high fructose corn sweetener for sugar in their domestic market. This agreement is vital to protect sugar producers during the transition period to free trade with Mexico.

The agreement on frozen concentrate orange juice (that was a huge problem in Florida) establishes a price-based snap back tariff under which the current tariff on FCOJ will be snapped-back if the FCOJ price drops below the trigger price (tied to a FCOJ futures price on the New York Cotton Exchange).

## **SAFETY ISSUES**

**ARGUMENT:** *NAFTA ALLOWS MEXICAN TRUCKDRIVERS TO DRIVE UNSAFE TRUCKS ON U.S. ROADS AND HIGHWAYS?*

**ANSWER:** This is a perfect example of the scare tactics opponents of NAFTA have been using.

### **ADDITIONAL POINTS:**

- NAFTA requires both Canadian and Mexican truck drivers who drive in the U.S. to meet all U.S. environmental and safety standards, including size, weight, language, and driver hour limitations.
- For example, while eighteen year old Mexican drivers can drive commercial vehicles in Mexico, they are not allowed to drive in the U.S. until they are 21, just like other drivers

[NOTE: We have a bilateral drivers license agreement with Mexico under which both countries honor each other's drivers licenses. Before the U.S. signed the Memorandum of Understanding with Mexico, Dept. of Transportation authorities assessed the Mexican licensing system and concluded that it was as rigorous as U.S. licensing requirements.]

**ARGUMENT:** *NAFTA ALLOWS UNSAFE FRUITS AND VEGETABLES TO ENTER THE UNITED STATES.*

**ANSWER:** Not true. Nothing in the NAFTA in any way reduces our strict standards for imported fruits and vegetables. In fact, NAFTA specifically allows each country to have stricter standards than international-agreed standards.

- ✓ Consumers Union, the organization that publishes Consumer Reports, has studied this charge and concluded that it is simply not true.

**ARGUMENT:** *NAFTA LOCKS IN A SYSTEM IN MEXICO THAT SUBJECTS MEXICAN WORKERS TO UNSAFE WORKING CONDITIONS -- JUST LOOK AT THE BORDER*

**ANSWER:** We fully recognize the problems that exist today on the border, including occupational health and safety. That's why we've insisted on the negotiation of a supplemental agreement on labor.

- ✓ The Labor Supplemental Agreement is precedent-setting, committing Mexico to the full enforcement of its labor laws -- including those protecting the health and safety of workers.
- ✓ The Supplemental requires Mexico to appoint and train inspectors, undertake on-site inspections, and require record-keeping and reporting.
- ✓ If Mexico fails to enforce its occupational health and safety laws, the U.S. can invoke tough dispute settlement procedures -- including the possibility of fines and trade sanctions.

## ENVIRONMENTAL ISSUES

**ARGUMENT:** *WONT NAFTA ALLOW U.S. CORPORATIONS TO TAKE ADVANTAGE OF LAX ENVIRONMENTAL LAWS IN MEXICO?*

**ANSWER:** Mexico has strong environmental laws on the books; the problem has been lax enforcement. That's why the President insisted on a side agreement on the environment and that's why the focus of the environmental side agreement is securing enforcement of domestic laws.

- ✓ Our side agreement allows any concerned party, including private citizens and public interest groups, to bring complaints about non-enforcement before the new trilateral Commission on Environmental Cooperation.

- ✓ If Mexico persistently fails to enforce its environmental laws, we can seek tough fines and even trade sanctions -- an unprecedented step for a trade agreement.
- ✓ That's why six major environmental groups support NAFTA.

### PESO DEVALUATION

**ARGUMENT:** AS SOON AS NAFTA'S IN PLACE, THE MEXICANS WILL DEVALUE THE PESO AND ERASE U.S. GAINS FROM LOWER TARIFFS.

**ANSWER:** The Congressional Budget Office, private-sector and academic forecasters all conclude that the value of the peso will not decline as NAFTA goes into effect.

- ✓ Typically, Mexico has devalued its currency only in response to internal economic crisis -- not as a tool for achieving trade advantages.
- ✓ Ironically, it is the failure of NAFTA that could lead to peso devaluation by adversely affecting market confidence in Mexico.

## ROSS PEROT: SOUNDBITES ON NAFTA

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### NAFTA WILL CAUSE JOBS TO MOVE TO MEXICO:

- ◆ "If you pass NAFTA and pass health care and have already passed family medical leave and a law on strike-breaking, there's several reasons right there for business to leave the United States and go south of the border." [Chicago Tribune, 10/1/93]
- ◆ "We know jobs go where the cheapest labor is, if possible." [UPI, 10/1/93]
- ◆ "There's no reason to build a car in this country if you can build it in Mexico." [Reuters, 1/12/93]
- ◆ "If NAFTA goes through, we'll be able to fill two sports stadiums here in New York with all the newly unemployed people." [UPI, 8/22/93]
- ◆ "Wouldn't we be better to have the factories here, employing people for several decades rather than having one-time jobs building factories?" [BNA, 3/25/93]
- ◆ "If the Canadians don't like this tiny little wage differential between Canada and the U.S., they're going to hate the one between Mexico and Canada - the jobs will stop going to the U.S. and just shoot straight through to Mexico." [Reuters, 10/7/93]
- ◆ "Mexico is rapidly becoming the newest American industrial belt. Mexican workers can match the skills of 70 percent of the labor force in the United States." [Atlanta Journal and Constitution, 5/30/93]
- ◆ "The Dutch say that the problem with America is that too many people are for sale. We need to make it clear that our people are not for sale at any price." [UPI, 8/22/93]

### NAFTA WILL HURT THE AMERICAN ECONOMY:

- ◆ "It will destroy our economy. It will destroy our country. And it won't help the Mexican worker." [Chicago Tribune, 9/19/93]
- ◆ "By ratifying NAFTA, you're going to destroy the middle class in this country, and that destroys the tax base, and eliminates our chance to pay back the debt." [The Guardian, 9/18/93]
- ◆ "We are talking about a law enforcement and justice system down there that is corrupt, and a government that is not a Democracy. If NAFTA goes through, American companies would be investing their money into Mexico, not the U.S." [UPI, 10/1/93]

### NAFTA WILL HELP SPECIAL INTERESTS:

- ◆ "It's easy to roll over and play dead to special interests. But if it's such a good deal -- why won't the people buy it?" [Reuters, 11/4/93]
- ◆ "NAFTA is the ultimate insider deal. The Mexican efforts are boosted by the lobbying of the largest corporations in the United States, most of which have already moved thousands of American jobs to Mexico and want the guarantees provided by this pact so they can move even more jobs. Mexico is our neighbor, its people are good, and we want them to prosper. But NAFTA is not the way." [PR Newswire, 9/16/93]
- ◆ "If this is such a good deal, why does Mexico have to spend \$30 million trying to lobby it down the United States's people's throat? If it's such a good deal, why does a 'Who's Who' of corporate America have to spend tens of millions of dollars trying to ram it through?" [Atlanta Journal and Constitution, 10/30/93]
- ◆ "The real purpose of NAFTA is not to promote trade, but to protect U.S. and foreign corporations that want to locate their factories in Mexico, exploit low-wage Mexican workers and ship products into the rich U.S. market." [Star Tribune, 8/19/93]
- ◆ "Why is Lee Iacocca for it? Well, what is his principle investment? Chrysler stock, right? . . . Chrysler will make a lot more profit if it can move its work across the border." [The Washington Times, 11/3/93]
- ◆ "Who wins, the chairman of a board who lives in a mansion in Bel Aire, California, that's who." [UPI, 10/1/93]

### CONGRESSMEN ARE BEING OFFERED LIFETIME JOBS:

- ◆ "Many congressmen will take the bait. Voting for NAFTA will kill them politically among the voters, but they're being offered lifetime jobs where they don't have to worry about being voted out. None of you have lifetime jobs." [UPI, 10/1/93]
- ◆ "If they ram NAFTA through, we will have a job-stimulus bill for members of Congress and a third of the Senate. We'll buy a bus ticket to Mexico and have them look for a 58-cent-an-hour job." [Dallas Morning News, 6/10/93]

### MEDIA FAVORS PRO-NAFTA FORCES:

- ◆ "The only group that gets a voice is the pro-NAFTA voice in the media. If you're against NAFTA, you have no voice. From now until this thing fails to go into law, you're going to see a 'Who's Who' of the pro-NAFTA forces covered up with free television time on all the talk shows. You'll see nobody against NAFTA get any time at all. It's kind of like being in Mexico." [Atlanta Journal and Constitution, 10/30/93]

**PRODUCTS MADE IN MEXICO WILL BE DANGEROUS:**

- ◆ "Mexican workers have no rights. They (Mexico) have very strict pollution laws - they just don't enforce them. Fruits and vegetables coming here (from Mexico) are a threat to your family. They have so much pesticides on them that no bug would get within 100 feet of it." [Plain Dealer, 10/4/93]
- ◆ "The Rio Grande River is the most polluted in the western hemisphere. I once heard someone say about how he saw a chicken take a drink from the Rio Grande River and drop dead, right there on the spot. It's that bad." [UPI, 10/1/93]

**NAFTA CANNOT BE IMPROVED WITH SIDE AGREEMENTS:**

- ◆ "NAFTA is another in a long series of one-sided trade agreements that damage our ability to create and keep jobs in the United States. This current agreement is so flawed that it cannot be corrected with side agreements." [Toxic Materials News, 8/18/93]

**NAFTA IS NOT A COMPLETE SOLUTION:**

- ◆ "I'm afraid we'll end up with a patched up inner tube. I'd rather have a new inner tube." [Gannett, 3/24/93]

## MEXICO TODAY

Ross Perot tends to portray Mexico as a country of undernourished starvelings living in cardboard shacks, desperate to work 15 hours a day for pennies doled out by heartless multinationals. By today's standards Mexico is a poor country. But this desolate picture is not a true representation of the country.

Mexico is beginning its steady climb from Third World status to a modern economy. The Mexican middle class is no longer the picture of paucity Ross Perot would like the American people to believe. On the contrary, Mexico is going through a renaissance of growth and renewal. Young people are living with their parents for longer periods of time, spending more money on luxury items and services. The young market, just like ours, craves the new trends of style and products, particularly those made in the USA.

### MEXICO LOOKS LIKE THE UNITED STATES IN THE 1940'S

The Mexican economy is strengthening and growing to give rise to the kind of tenacious entrepreneurial spirit that helped make the United States great. It is not that Mexico is behind us economically, they are behind us in time. Mexican per capita standards of living are about a quarter of U.S. standards, which is about equal to the U.S. in 1940. Mexico is a poor country by today's standards, but no more so than the U.S. that fought and won World War II was a poor country by today's standards.

Presently, about one Mexican household in three has a car, nearly every Mexican household has a radio, like the U.S. in 1940; and about half of all Mexican households have a television, no one in the United States had a television in 1940. The attached piece lays out well the economic argument for Mexico today.

Jorge Cazares is one example of Mexico today. "Jorge Cazares barks orders into his cellular phone, dispatching merchandise filled trucks to street vendors around the city. Peddlers who once sold parasols made of gumdrop wrappers now work through a distribution system as sophisticated as that of most retail chains." Through the emergence and use of American goods, Mexico is slowly becoming a competitive factor in the world economic arena.

### AMERICAN BUSINESS BECOMING MAINSTREAM

In addition to American goods, American businesses will soon be mainstream in Mexican society. Wal-Mart recently opened a megacentre in a working class neighborhood in Mexico City, and J.C. Penney and Kmart will be [there] soon. Compact disks can now be bought at Tower Records, mufflers can be replaced at Midas and, at select supermarkets, shoppers can take advantage of promotions offering a stack of fresh corn tortillas free with the purchase of Hostess hamburger buns.

On the average, Mexicans go to the store eight time a week, while shoppers in the United States go to the store twice a week. Where as most of the shopping in Mexico has been done in the small mom and pop stores, stores like the Price Club have opened and flourished. Presently, the Price Club has opened two successful stores in Mexico City where people can buy institutional size cans of peaches and rolls of toilet paper by the dozen.

This is the real Mexico today. While there are people who live in cardboard shacks in Mexico, there are also people, even directly across the street from the White House, sad as it may be, who live out of cardboard boxes.



November 5, 1993 10:51 PM

## MEXICAN LIVING STANDARDS AND LEVELS OF DEVELOPMENT

NAFTA critic Ross Perot tends to portray Mexico as a country of undernourished starvelings living in cardboard shacks, desperate to work fifteen hours a day for pennies doled out by heartless multinationals. Mexico is a poor country by today's standards. But this gloomy picture is false to the country:

- Mexican *per capita* standards of living are about a quarter of U.S. standards—about equal to the U.S. in 1940. Mexico is a poor country by today's standards, but no more so than the U.S. that fought and won World War II was a poor country by today's standards.
- Nearly every Mexican household has a radio—like the U.S. in 1940.
- About half of all Mexican households have televisions—no one in the U.S. had a television in 1940.
- About one Mexican household in three has a car.
- About half of all Mexican households subscribe to a newspaper.
- One-fifth of the Mexican labor force is employed in agriculture. In 1965 one-fifth of the labor force in the industrial countries was in agriculture. So by this yardstick Mexican development is not fifty years behind the U.S., but only twenty-five.
- To put it another way, think of the gap in living standards between the U.S. and Italy. Double it, and that is the gap in living standards between the U.S. and Mexico.
- The United Nations "Human Development Index"—an index that ranks countries from Switzerland at 99 to Niger at 12—ranks the U.S. at 96 and Mexico at 88.
- The richest fifth of the Mexican population would fit right into the U.S. income distribution. About thirty-percent of Americans have lower incomes than the average person in Mexico's top fifth.
- The average Mexican woman has a life expectancy of 72 years—the same as the average

American man.

- 85 percent of Mexican adults are literate.
- 84 percent of those 6-16 are in school.
- Mexican adults do not have much schooling—they average four years, as opposed to twelve years in the U.S. But this is rapidly changing because five-sixths of those eligible go to primary and secondary school.

Sources: *Economist Book of Vital World Statistics*; *U.N. Human Development Report 1991*;  
*Economist One Hundred Years of Economic Statistics*

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(202) 622-0563/-2633/fax; (703) 528-3851 -3250/fax; (202) 515-1578 (beeper)

# Mexico's Hunger for U.S. Goods Is Helping to Sell the Trade Pact

D-1

By ANTHONY DePALMA

**P**ITCHMEN for the North American Free Trade Agreement always focus on the consumer paradise presented by Mexico's young and growing population: 85 million people, more than half of them under 25 years old, with slowly rising wages but a seemingly insatiable appetite for things made in the U.S.A.

In fact, trade with Mexico already is big business. Mexico imports more than \$42 billion in goods and services from the United States, more than three times what it was in 1986, when the Government began lowering tariffs on imports so that some American goods could compete with their less desirable Mexican imitations. Treasury Secretary Lloyd Bentsen, an old Mexico hand, says that with Nafta, trade with Mexico will grow by another \$10 billion in three years.

No doubt the argument that Mexico offers vast trade opportunities will be made Tuesday night as Vice President Al Gore presents the Clinton Administration's case for the accord in a televised debate with Ross Perot, Nafta's chief critic. President Clinton, who last week escalated his campaign for approval of the agreement in the face of its discouraging prospects in a scheduled vote in the House a week from Wednesday, is working hard to convince Congress that rising trade with Mexico will more than make up for the American jobs that could be lost because of lower wages south of the border.

For those already involved in the Mexican market, the demand for American products is obvious. Mexicans spent \$450 per capita on American goods in 1992, more than consumers in Japan or European countries. The Marlboro man still gallops headlong across television screens here. Wal-Mart recently opened a megacentre in a working-class neighborhood in Mexico City, and J.C. Pen-

## What People Think They Need

Percentage of people saying that a given item is a necessity.

The Mexican figures are from a survey of 400 Mexico City residents conducted in June. The U.S. figures are from a survey of 1,996 people interviewed nationwide in December 1992. The Canadian figures are from a survey of 400 Toronto residents interviewed in June.

	MEXICO	U.S.	CANADA
Washing machine	84%	82%	91%
Car	73	85	82
Television	64	74	71
Clothes dryer	31	74	79
Domestic help	29	4	4
Hair dryer	21	45	59
Microwave	19	44	36
Dishwasher	10	24	23

Source: "Triple Reports Americas" by Roger Storch Worldwide and IRI/USA (Americas)

The New York Times

ney and Kmart will be here soon too. Compact disks can now be bought at Tower Records, mufflers can be replaced at Midas and, at select supermarkets, shoppers can take advantage of promotions offering a stack of fresh corn tortillas free with the purchase of Hostess hamburger rolls.

But although more than 20 percent of everything Mexico imports comes from the United States, not everything American sells. And there is evidence that Mexican consumers could turn fickle once the novelty of

widely available American goods wears off. More problematic for American exporters, traditional market research has rarely been able to crack the intricacies of Mexico, where much income is unreported and households routinely cover several generations.

"Even the best statistician would have the hardest time here," said Juan Suberville, general director of two Kmart stores set to open on Mexico City's outskirts next spring. "Mostly, you work on gut feelings."

Taco Bell found out the hard way. Intent on grabbing a niche in Mexico, the PepsiCo subsidiary conducted market research that suggested that its fast-food expertise and consistent product could overcome the coal-to-Newcastle disadvantages of trying to sell American tacos here. It opened a stand in a Mexico City parking lot last year and planned 25 more in a year.

## Opening the Doors

But only three others ever opened, and none is a runaway success. Company officials say their mistake was to focus too much on Mexican manners, changing their menu and style to be more authentically Mexican. It turned out that what Mexicans wanted was authentically American tacos served in a clean restaurant away from traffic fumes.

The Taco Bell experience is one of many indicators that what Mexicans want most is what they couldn't buy before. When the country's economy was closed to most American goods, Mexicans couldn't buy the Raisinettes or Frosted Flakes they saw on imported television programs and in movies — only weak imitations.

Under President Carlos Salinas de Gortari, Mexico has been intent on dismantling its import-substitution economy and opening its markets. The doors were cracked ajar in the mid-1980's by lowered tariffs on imported

Continued on page 5

# Hunger for U.S. Goods Is a Sales Tool

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Continued from page 1.

goods. Nafta, which would end tariffs and other trade barriers among the United States, Canada and Mexico over 15 years, would complete the opening of Mexico's economy to the north.

Tariffs act as taxes, artificially pushing up prices. Reduce them, as happened in the 1990's, and suddenly imports start showing up on store shelves. At first, Mexicans couldn't get their fill of imported products like Coca-Cola in cans, which until then had been unavailable. But when the novelty died down, people realized they were paying two and three times what it cost for a Mexican-made Coke, and the American-made version didn't even taste as good. North of the border Coca-Cola is made with corn syrup, while Mexican Coke uses sugar, and Mexicans say they can taste the difference.

"Mexicans are willing to try something new," said Francisco Sanchez-Loaeza, president of Panamerican Beverages, the largest Coca-Cola bottler outside the United States. "But they are becoming more and more demanding."

Coca-Cola was one of a limited number of American products available even when the Mexican economy was closed. Mexicans drink more soda than any other people except those in the United States, in part because drinking water here is so risky. Coca-Cola controls 55 percent of the market and, with Government restrictions lifted, is flooding the market with previously unavailable flavors and bottle sizes, including non-returnable two-liter monsters.

## Changing Habits

A big question is how much and how quickly Mexicans will change their shopping habits. Most Mexicans still shop at small stores and street stands — not surprising in a country where street vending has been well established since Aztec times. They go to the store on average eight times a week, while shoppers in the United States go twice. Tortillas, the Mexican staple, are a big factor, because fresh tortillas, made without preservatives, are considered inedible after a day.

But habits are changing. Enrique Legoretta, commercial director in Mexico City for the A.C. Nielsen market-research concern, said that once Mexican consumers glimpse the new consumer world, small stores just don't hold their attention any more. In some ways, Mexicans have shown themselves willing to change their whole concept of shopping. The Price Club has opened two successful stores in Mexico City that are about as

different from the street-corner mom-and-pop as can be. The stores are warehouses, selling institutional-size cans of peaches and rolls of toilet paper by the dozen. A typical trip requires at least \$100 and a car to haul the booty home. With an average income of anywhere from \$3,000 to \$43,000 a year, and many families without cars, Mexico seems an unlikely fit for the Price Club.

But Robert Price, the chairman of the company, said he has done well by targeting the top 10 to 15 percent of Mexicans, those with cars and salaries above \$13,000 a year. "We've found that Mexicans at that level are more committed to consumerism than Americans," he said. He said if the trade accord passes, fully a quarter of all

Mexicans will wind up in the high-income bracket.

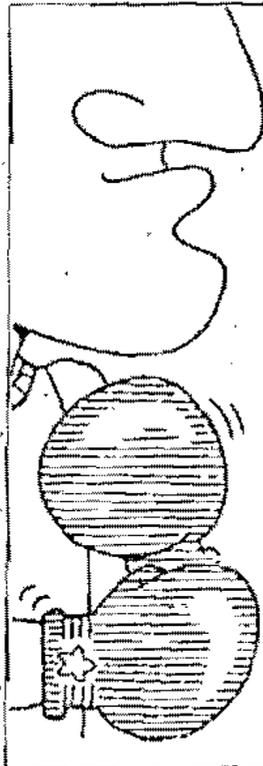
Retailers and free trade supporters are also betting on a similar increase in buying power. They know by experience that the sheen of American products could wear off, but say a trade accord ending tariffs, and therefore lowering consumer prices, would mean that they could successfully compete with domestic products.

For now, imports are still getting a boost from the curiosity built up over so many years of living right alongside the biggest marketplace in the world without being able to fully participate in it.

That was what brought Alicia and Esperanza Rendón Huerta to the new Wal-Mart in Mexico City a recent

## Gore vs. Perot: The Weigh-in

Evander Holyfield has 12½-inch fists and Riddick Bowe has a 17½-inch neck. Big deal in the slugger's in the really big fight: the debate Tuesday night between Vice President Al Gore and Texas Governor George W. Bush on the North American Free Trade Agreement on "Larry King Live." Herewith, the Laughta Over



	GORE	PEROT
HEIGHT	6'-1"	5'-11"
WEIGHT	195 (est.)	180 (est.)
REACH	Exceeds grasp; settled for No. 2 spot	Over-reaches
WASTE	Government printed his book on culling it	He printed his
RECORD	"You Can Call Me Al"	"I'm all c"
BEST PHYSICAL ASSET	"He's got the greatest legs" — Tipper	"I'm all c"
LAST DEBATE	Disappointing split decision over D. Quayle	Ray-ban G. i match; soars
DEBATING STYLE	Floats like Eastern box turtle	Sting
NAFTA QUOTATION	"We will win because every time a ground-breaking trade agreement is brought to the Congress, it is declared dead before the debate even begins."	"There's sucking so"
DON KING'S PREDICTIONS	"If Perot uses his rhetorical hooks, and jabs and right hand, it could be very hard for Gore. But in the long run he will win, because Nafta is an idea whose time has come."	"It's the battle of the pugnacious, a tough st Frazier, he can hook, because he stands for

# for Nafta

afternoon. The sisters, both in their 60's, spent more than 500 pesos, almost \$200, on many things they admitted they didn't really need, including cookies, napkins and several two-liter bottles of Coke.

"We wanted to see what it was like," they said.

No one really knows whether Nafta would make Mexican wages rise or change what Mexicans buy. But it seems certain that markets on both sides of the Rio Grande are coming together. The new Wal-Mart sells tequila glasses made in the United States and Superman pajamas made in Mexico. At last count, salsa was outselling catsup in the United States. And Wonder Bread is baking "authentic" soft tortillas.

Here are the vital statistics for  
Joe and Ross Perot over the  
last 10 years: The Tale of the Tape

## PEROT

5'-6"

150

reaches

book on cutting il

"Crazy"

"rats" — Perot

Just in tag-team

led by B. Clinton

is like gnat

will be a giant

and going south."

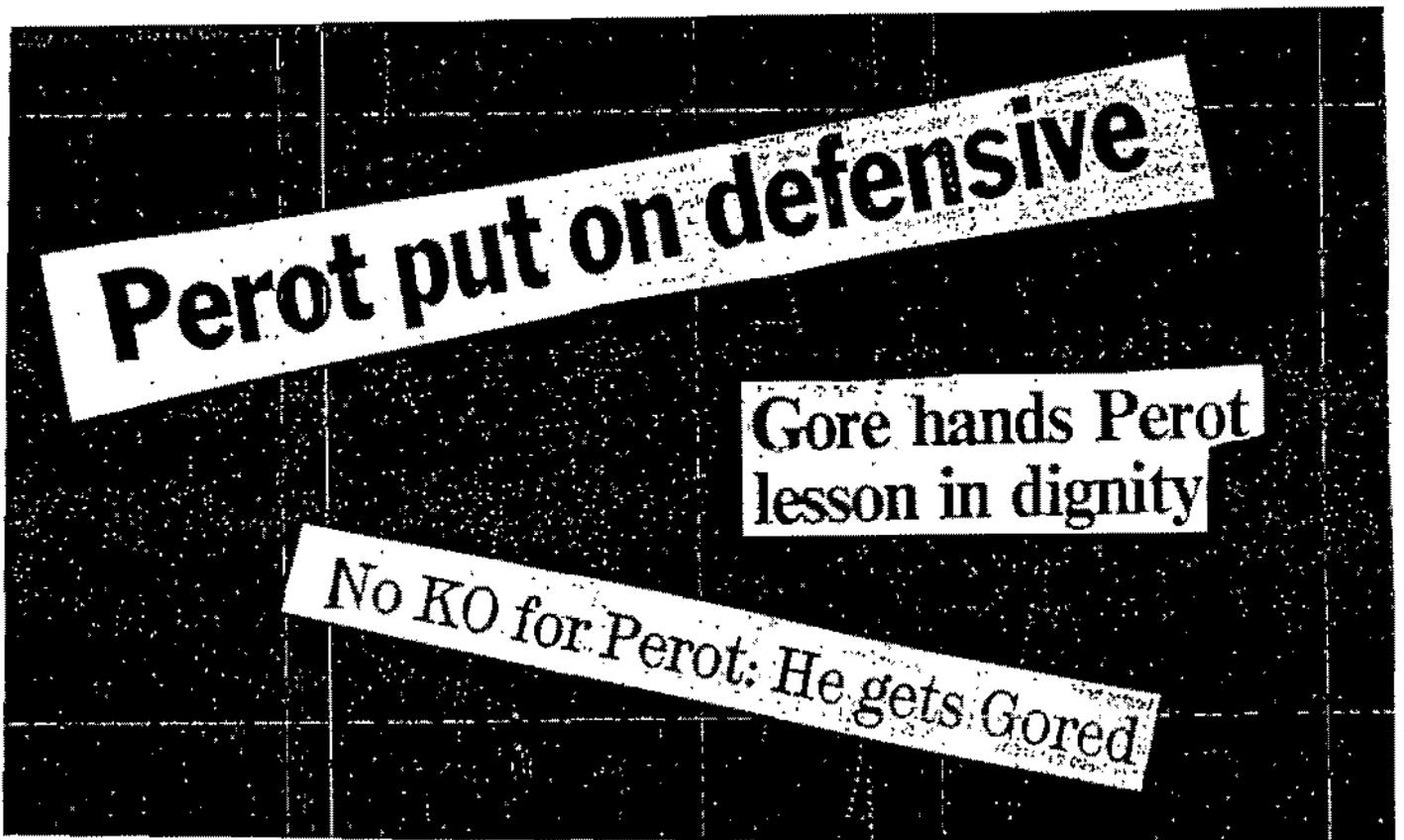
ages: "You have Perot, a  
straight-ahead type. Like Joe  
he jabs — he has power  
the feeling of the moment."

MICHAEL WINES



# DEBATE REACTION

*OVERWHELMING VICTORY!*



WE WANTED TO LET YOU KNOW WHAT THE WORLD HAS BEEN SAYING  
TODAY . . . . .

**Debate Reaction**  
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Tuesday, November 10, 1993

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## GORE, NAFTA BENEFIT FROM DEBATE

A USA/CNN Gallup poll of 357 adults who watched the debate shows that the Vice President and NAFTA reaped the benefits of the debate. The most extreme changes have been highlighted:

	<u>FAVORABLE</u>	<u>UNFAVORABLE</u>
<b>VICE PRESIDENT</b>		
Before	57%	27%
After	72%	25%
<b>PEROT</b>		
Before	49%	39%
After	45%	51%
<b>NAFTA</b>		
Before	34%	38%
After	57%	36%

**OVERALL OPINION:**      59% thought that the Vice President performed better.  
                             32% thought that Perot performed better.

## CLINTON CAMP SEEN AS VICTOR IN TELEVISED NAFTA DEBATE

By Gregory Wright, Knight-Ridder Financial News

Washington--Nov 9--The televised North American Free Trade Agreement debate between Vice President Albert Gore and Texas billionaire businessman Ross Perot was no thriller in Manila, but at the bell Gore and the Clinton administration were the clear victor.

In the 90-minute debate on CNN's Larry King Live program, the two threw around fancy pie charts that either warned of NAFTA's pitfalls or hailed its benefits, adding snazzy soundbites that took the place of left hooks.

Gore, who came across as stiff and uptight during the presidential campaign last year, appeared clear and confident in his argument that a free trade zone for the US, Canada and Mexico will create jobs here and give the US economy a well-needed shot in the arm.

Perot, who tried to play on fears in the US that hundreds of thousands of jobs will move to Mexico under NAFTA, came across as testy and occasionally downright nasty.

"What are the rules here? Do I answer his questions or mine," Perot snapped only minutes into the program, after Gore asked him to offer firm evidence on why NAFTA would not be good for the US.

Perot's attitude played right into the Clinton administration's well-publicized debate game plan of making the former presidential candidate come across as a demagogue spouting inaccurate, emotional data designed to fan public fears about the pact.

Gore also shot down Perot's main arguments that Mexico is too poor to buy US products and that Mexico needs to improve its human rights conditions and standard of living before the US can agree to a trade pact.

Gore noted that Wal-Mart, a leading US retailer, had opened its largest store in Mexico, and that residents there could not buy enough US products. He added that NAFTA will only make it easier for US firms to sell more automobiles, tires and other products in Mexico.

The US can pull out of the agreement if Perot's job loss predictions come true, Gore said, adding that the US needs NAFTA to remain competitive with the EC and Japan.

NAFTA is still in trouble in the US House of Representatives, which will vote on ratification of the pact Nov 17. President Bill Clinton admits that he must still win 30 to 40 additional votes to pass the pact.

Soon after the debate, Rep. Jim Bacchus, D-Fla., said Gore's sterling performance had convinced him to vote in favor of NAFTA, and other lawmakers are now expected to

announce their support for the pact. However, most political analysts don't see the administration winning many new votes only because of the debate.

Perot occasionally appeared unfocused and overly strident during the televised debate, but his comments represented real fears of the impact of NAFTA on US jobs.

House Majority Leader Richard Gephardt, D-Mo., who supports free trade but has problems with NAFTA, earlier today said that pressure from the public on Congress--not a 90-minute television debate--will ultimately decide the future of the pact.

Political observers say the real, knock-down, drag-out fight over NAFTA will come on the House floor Nov 17. End

## CLAIMS IN DEBATE PROMPT ANGER SOUTH OF THE BORDER TODAY THAT GORE WON DEBATE : QUOTES ON PEROT

MEXICO CITY (AP) Ross Perot's portrayal of a destitute, politically oppressive Mexico angered many Mexican businessmen and analysts who watched Perot's much-ballyhoed debate with Vice President Al Gore.

"You know perfectly well this is not Mexico. ... He told many lies," said Jaime Sanchez Susarray, a Guadalajara-based political scientist and journalist.

He spoke after Tuesday night's debate over the North American Free Trade Agreement, an issue that may help decide Mexico's future. Relatively few Mexicans could watch because most lacked access to the cable-type system that held exclusive broadcast rights.

Trade Minister Jaime Serra Puche declared today that Gore had won, giving critical momentum to treaty supporters ahead of next Wednesday's vote of the U.S. Congress on whether to ratify NAFTA.

"For the first time the distortions of the opponents, led by Ross Perot, got concrete, positive responses," said Serra Puche, who oversaw the Mexican negotiations on the trade treaty.

He said the debate showed that Perot and fellow "NAFTA opponents are using arguments without much substance."

"The vice president explained clearly that the treaty will allow ... the United States, Mexico and Canada to be more competitive with the rest of the world, to generate more products and more exports, to create more jobs," Serra Puche said.

Mexico's main television network, Televisa, followed the debate with an extensive summary of the debate, but analysis was dominated by friends of the agreement.

Some said their country was slandered.

"I think it's rather unfortunate that the state of the Mexican economy depends on the state of a public opinion poll in the United States," said Rogelio Ramirez de la O, an independent economic analyst.

Sanchez and others noted that Perot claimed 85 million Mexicans the entire population were in poverty.

"It seemed to me there was an eminently racist cut in many of the arguments" Perot raised, Sanchez said in a telephone interview afterward.

"The Mexican political system has many aspects to correct," he said, "the same on the

side of human rights. ... But just as you cannot reduce Mexico to cardboard houses, you cannot say that the Mexican regime is a type of fascism or authoritarianism that ... violently oppresses the people."

Mexico's political system "is none of (Perot's) business," said Roberto Bahtre, a Mexican citizen who heads operations in the country for the Massachusetts-based consulting company Arthur D. Little.

He said that basing trade on such terms would rule out exchange with China, India, Taiwan or South Korea.

Bahtre called Perot's proposal to raise tariffs until Mexico raises wages "confusing nonsense. ... If we don't trade with the U.S., then we're not going to buy from the U.S."

"You are the ones that have the (trade) surplus. We do not have more to gain," he added. "You do."

He said wages have risen rapidly at the border assembly plants Perot attacked, rising from 54 cents an hour in 1985 to over \$3 an hour this year.

John Bruten, executive vice president of the American Chamber of Commerce here, called Perot's claims "a hideous exploitation of inaccurate stereotypes."

He said Perot's claims Mexicans cannot afford U.S. goods "are just hoey" and noted that U.S. exports to Mexico have increased five-fold since 1988.

Bruten admitted some companies move to Mexico for low wages, but said other factors often outweigh wage costs. "There isn't going to be a mass exodus from the United States," he said.

But Ramirez said he feared Perot had won the debate with "half-truths."

He cited Perot's claim "that the Mexican workers are exploited by their employers when in fact Mexican labor law is much more protective than U.S. labor law."

But he also dismissed Gore's warning that the Japanese would move into the gap if the United States rejects NAFTA.

"That's absolutely laughable. That's a pipe dream. ... The Japanese are interested in the U.S. market," he said. "Mexico is not a high priority for Japan."

NAFTA has yet to be approved by the Mexican senate, but passage is assured because Salinas' ruling party controls the body. APNP-11-10-93 1152EST

The Associated Press Received by NewsEDGE/LAN: 11/10/93 12:49 PM

## GORE-PEROT NAFTA DEBATE LIFTS MEXICAN STOCKS, FUNDS

By Mary Romano  
Dow Jones Staff Reporter

**NEW YORK (AP-DJ)--** The perception that Vice President Al Gore won last night's televised debate with Ross Perot on the North American Free Trade Agreement is lifting Mexican stocks and country funds that invest there.

Investors view the perceived win by Gore as a good sign the House of Representatives will approve NAFTA, the agreement that would link the U.S., Mexico and Canada in the world's largest free-trade zone.

The debate was 'sort of an uptick for NAFTA,' says Thomas Herzfeld, a closed-end country fund analyst in Miami.

Gore and billionaire Perot engaged in a testy exchange on the free trade agreement last night on Cable News Network's Larry King Live show.

A poll taken by CNN after the program indicated viewers favored Gore over Perot by a 52% to 32% margin.

Given Perot's strong presence in the presidential debates, it was viewed that 'he would win hands down and give a tainted view for the passage of NAFTA,' says Ronald Santangelo, senior closed-end fund analyst at Prudential Securities. 'The expectation was that it was a poor decision on the part of the White House to try to debate Perot, and now that concern has decreased dramatically.'

The large Mexican telephone company, Telefonos de Mexico, or Telmex (TMX), is up  $2\frac{1}{2}$ , or 5.0%, at 53 on NYSE-composite volume of 3.3 million shares, compared with average daily volume of 2.5 million. Telmex is among the largest positions in many closed-end country funds that invest in Mexican stocks.

Other large Mexican stocks listed on the NYSE are climbing, such as Consorcio G Grupo Dina (DIN), up  $1\frac{7}{8}$ , or 9.9%, at 20  $\frac{7}{8}$  on volume of 388,700 shares, compared with average daily volume of 132,600.

Closed-end Mexican country funds' shares are up sharply on heavy NYSE-composite volume.

The Mexico Fund Inc. (MXF) has gained  $2\frac{2}{8}$ , or 8.6%, at 26  $\frac{3}{4}$  on volume of 466,500 shares, compared with average daily volume of 286,100.

The Mexico Equity & Income Fund Inc. (MXE) is up  $1\frac{1}{8}$ , or 6.8%, at 17  $\frac{5}{8}$  on volume of

246,500, compared with average volume of 66,298.

Emerging Mexico Fund, (MEF), is up  $1 \frac{1}{8}$ , or 6.4%, at  $18 \frac{5}{8}$  on volume of 293,700 shares, compared with average daily volume of 66,298.

Dow Jones and Company, Inc. Received by NewsEDGE/LAN: 11/10/93 2:26 PM

## MEXICAN STOCKS MOVING HIGHER AFTER GORE-PEROT DEBATE

MEXICO CITY -(AP-DJ)--Stocks were higher in busy early trade Wednesday on the Mexican Stock Exchange as the market claimed U.S. Vice President Al Gore the victor in his free trade debate Tuesday night.

The Gore-Perot debate was seen as a positive for chances of U.S. passage of the North American Free Trade Agreement (NAFTA).

Also, traders said positive news Tuesday night that Mexico's inflation in October rose 0.4% to 9.14% for the last 12 months also encouraged buying. So too did a return to stability in the foreign exchange markets.

As reported, the market ignored Tuesday a strong move in the dollar against the new peso. The dollar settled Tuesday at 3.27 new pesos, up from 3.15 new pesos Monday. The dollar was back down to 3.22 new pesos early Wednesday.

Around 1615 GMT, the Mexican market's key IPC index was up 28 points to 1,980. At the end of 1992, the IPC stood at 1,759.44.

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## MEXICAN STOCKS SHOOT TO NEW RECORD ON GORE-PEROT DEBATE

MEXICO CITY -(AP-DJ)--Stocks shot to a new record high Wednesday in heavy trading on the Mexican Stock Exchange as the market claimed U.S. Vice President Al Gore the victor in his free trade debate Tuesday night.

The outcome of the debate, in which Gore repeatedly put Perot on the defensive and liked him to tariff raisers who many blame for deepening the Great Depression in the 1930s, was seen as a positive for chances of U.S. passage of the North American Free Trade Agreement (NAFTA).

Buying was led by foreign investors, who loaded the boat with Mexican American Depository Shares in New York.

According to preliminary official information, the Mexican market's key IPC index booked its largest single-session gain in over a year, up 81.49 points to 2,035.33 - a gain of 4.17%. That eclipsed the old market record of 2,029.06 established Oct. 26. At the end of 1992, the IPC stood at 1,759.44.

Volume totaled a busy 1.80 billion new pesos, on 160 million shares traded.

In addition, traders said positive news Tuesday night that Mexico's inflation in October rose 0.4% to 9.14% for the last 12 months also encouraged buying. That's the lowest level in 25 years. So too did a return to stability in the foreign exchange markets.

As reported, the market ignored Tuesday a strong move in the dollar against the new peso. The dollar settled Tuesday at 3.27 new pesos, up from 3.15 new pesos Monday. The dollar finished Wednesday at 3.20 new pesos.

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**HOT STOCKS: ADI MEF MUS LCE**

Emerg. Mexico Fund    **The perception that Vice  
19, UP 1 1/2            **President Gore won last  
8.6% Gain              **night's Nafta debate is  
83,400 Shares         **lifting Mexican stocks  
(MEF)                   **and funds that invest  
                             **in the country.************

**(END) DOW JONES NEWS 11-10-93**

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**:TICKER: ADI LCE MEF MUS**

**:SUBJECT: CNMT WSTE SEMI MUTF STMG SNGC STNH AK CT MA NY FIN**

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**Received by NewsEDGE/LAN: 11/10/93 4:43 PM**

## MEXICAN PESO STABILIZES AGAINST DOLLAR AFTER TUESDAY SCARE

MEXICO CITY (AP-DJ)--The new peso halted its retreat Wednesday against the dollar, as the market was reassured on chances for U.S. passage of the North American Free Trade Agreement (NAFTA) by Vice President Al Gore's performance in a free trade debate Tuesday night against Mexico basher Ross Perot.

Around 1735 GMT, the interbank dollar in Mexico City was quoted at 3.22 new pesos, off from 3.27 new pesos on the close Tuesday.

As reported, the new peso came under selling pressure Tuesday as the Bank of Mexico reportedly lifted slightly the upper end of its unofficial daily intervention band to 3.304 new pesos from 3.152 new pesos. The lower end of that band stands at 3.084 new pesos to the dollar.

The new peso lost 3.8% against the dollar Tuesday.

## COMMONWEALTH MINISTERS SAY TRADE DEAL VITAL

PARIS, Nov 10 (Reuter) - Four Commonwealth ministers on a worldwide mission to drum up support for a global trade pact said on Wednesday they would stress the need to reach a deal by a December 15 deadline.

"There are teeming numbers of people in danger of being smothered," Ghanaian Finance Minister Kwesi Botchway said, warning of dangers to developing economies of failing to reach an accord.

"The GATT is not just Europe, the U.S. and Japan. The world does not just consist of the big boys. We represent large numbers of people who are affected quite decidedly by the non-liberalisation of trade," Botchway told reporters.

The Uruguay Round of negotiations to liberalise world trade, held under the Geneva-based General Agreement on Tariffs and Trade (GATT), have been going on for more than seven years but face a deadline in just over a month from now.

"We wish to stress the overall benefit that would accrue and point out that there are large numbers of humans in the rest of the world, outside of the United States, Europe and Japan, who have a vested interest in a successful conclusion," Barbadian Foreign Minister Branford Taitt said.

The ministers said the European Community's trade negotiator and the head of GATT shared their optimism that a deal would be reached by mid-December.

Earlier this week they met EC Trade Commissioner Sir Leon Brittan and GATT director-general Peter Sutherland.

Taitt said Brittan and Sutherland thought there was about an 85 percent chance that the talks would end successfully.

"Nothing we have heard in meetings so far would lead us not to be optimistic," he told reporters.

He said U.S. Vice President Al Gore's strong showing in a debate with tycoon Ross Perot over the North American Free Trade Agreement (NAFTA) had improved the chances of a GATT accord.

"I don't think NAFTA will hold up the (Uruguay) Round. It seems as if the tide has turned on NAFTA," he said, referring to a poll which he said showed that a majority of Americans favoured the regional trade pact.

A U.S. television poll gave Gore a 47 to 33 percent edge over Perot. "We are optimistic," Botchway said.

The Commonwealth mission was ordered by heads of government of the 50-member body at a meeting in Cyprus last month.

The mission, also including Malaysian Trade and Industry Minister Datin Paduka Rafidah Aziz and Mauritian Trade Minister Anil Kumar Baichoo, is due to meet France's European Affairs minister, Alain Lamassoure, later on Wednesday.

Later in a week-long trip they are scheduled to meet German Economics Minister Guenter Rexrodt, U.S. Trade Representative Mickey Kantor and possibly U.S. President Bill Clinton, Japanese Foreign Minister Tsutomu Hata, British Prime Minister John Major and British Trade Minister Michael Heseltine.

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FOREIGN  
MEDIA  
REACTION

# EARLY REPORT

Wednesday, November 10, 1993

## NAFTA: A 'VICTORY' FOR GORE, BUT WILL CONGRESS APPROVE IT?

First impressions overseas of the Gore-Perot debate last night were that it was a "victory on points" for the vice president (BBC-TV) and that it was "a risky, but successful gamble" for President Clinton (Paris's Radio Europe One). Nevertheless, opinion-makers judged that the administration still faces a tough battle in Congress, and even that the future of free trade hinges on the upcoming NAFTA vote.

If the treaty is approved, observers said, President Clinton's bolstered prestige will grant him the momentum to secure European agreement on GATT and even conduct a successful APEC summit in Seattle. If he fails, they added, the results could be a retreat into the protectionist policies that haunted the economy of the '30s. The only dissenter from these views was a Japanese correspondent, who asserted that the Clinton administration intends to use NAFTA as a protectionist weapon against Europe and Japan.

Britain

"Gore Scored A Victory On Points"

BBC-TV reported the Gore-Perot television debate this way today: "With NAFTA coming before a divided Congress next week, this was the last chance to sway opinion and win votes.... After an angry exchange of words, Al Gore scored a victory on points but success is far from assured."

"Clinton Badly Needs NAFTA Victory"

According to the conservative Daily Telegraph, "Mr. Clinton badly needs a NAFTA victory to re-establish his authority with Congress and bolster his prestige with foreign leaders.... Failure to deliver the NAFTA treaty would undercut his efforts at the APEC summit in Seattle and could have a knock-on effect with the Uruguay Round."

"If Clinton Wins, If Clinton Loses..."

The liberal Guardian noted, "If (Clinton) loses the vote, he would fly to Seattle the next day as a humiliated figure, an uncertain leader for a country turning its back on the world...."

"The golden scenario says NAFTA passes and Mr. Clinton goes to the Pacific summit with a plan for a similar treaty between the United States and the Asian economies. This gives him the momentum to force the European Union to reach a GATT deal.... That in turn allows Mr. Clinton to fly to Europe in January for the NATO summit and a visit to Moscow as the undisputed leader of the Western world...."

"The nightmare scenario says Mr. Clinton loses NAFTA and faces humiliation at the Pacific summit. GATT fails and the world's trading blocs then huddle into a new protectionism that recalls the beggar-my-neighbor policies of the 1930s."

"On one side, a nasty Texas billionaire speaking with a twang on a high-speed rhythm. On the other side, an aristocrat coming out of the best schools, who calmly presented figures and was more combative than usual."

#### "New World Order Hinges On NAFTA Vote"

Conservative Le Figaro front-paged this editorial by Charles Lambroschini: "The new world order hinges on the November 17 vote. If congressmen vote positively, this will mean that they stick to free trade--for which GATT is a symbol. If their vote is negative, there will be an obvious consequence: Since the U.S. Congress will have opted for (withdrawal), the EC and Japan will have no reason to resist protectionist temptations."

#### "As NAFTA Goes, So Does GATT"

Sophie Roquelle said in Figaro's "Fig-Eco," "Political circles in Washington think that, if NAFTA is rejected, the White House will have a hard time trying to convince the public of the usefulness of a GATT accord.... In any case, everybody agrees in saying that ratification of NAFTA by the U.S. Congress would put Washington in a considerably stronger position vis-a-vis the Europeans."

France

#### "Risky, But Successful Gamble For Clinton"

Benoit Laporte from Washington told his Radio Europe One audience: "The last-chance televised debate was a risky, but successful gamble. Since the debate was very technical, the viewers--drowned in the numbers--probably only compared the style of the two men (Gore and Perot). Ross Perot, who is usually at ease and colorful before TV cameras, was irritable, nasty and not very convincing. Compared to him, Al Gore--usually dull and boring--was calm and reasonable. Bill Clinton will probably benefit from this advantage vis-a-vis indecisive congressmen."

#### "Choosing Between Two Styles"

Andre Viollaz wrote for Agence France Presse from Washington about the "abrupt and confusing televised debate on NAFTA. More than between arguments...U.S. viewers had to choose between two styles.

## MEXICO: "Al Gore Won"

Nationalist Excelsior said under the headline above (11/10): "The North American Free Trade Agreement was the winner of the Gore-Perot debate. Vice President Gore called NAFTA a promising project and defeated the negative perspective of 'fear' presented by the Texan businessman.... Gore's success in defending NAFTA contradicted all predictions. Perot found himself trapped by overwhelming economic arguments about the advantages and development opportunities that NAFTA will generate for the U.S. and Mexico.... In addition, Perot's manipulative, arbitrary attacks on labor and salary issues were rejected.... At this moment, the Gore-Perot debate has already produced benefits that will lead to the accord's ratification. Congressman Jim Bucchus (D-Florida) said that Gore convinced him and he will vote for NAFTA. The accord has defeated Perot's apocalyptic vision."

### "NAFTA's Symbolic Importance"

A second editorial in Excelsior opined (11/10): "President Clinton continues his personal lobbying campaign.... Hours before the Gore-Perot debate, Clinton said that Perot represented elitist interests and Gore spoke for the people.... The personal pro-NAFTA campaign by President Clinton to convince legislators who oppose the pact--many of them members of the Democratic Party which took Clinton to the presidency--gives NAFTA a symbolic importance that is perhaps more important than the terms of the accord itself."

### "Debate Results: Important Progress Made On NAFTA"

Government-oriented El Nacional maintained (11/10): "Last night Mexico was the object of a series of verbal attacks and lies publicly expressed by Texan businessman Ross Perot.... Vice president Al Gore refuted his arguments. Further, The New York Times in today's edition rejects Perot's arguments.... Perot's criticisms do not take into account Mexico's concrete reality, such as its democratization, the opening of its Senate to opposition parties, and the creation of productive jobs, health and education programs.... Perot said that the United States should reject NAFTA because Mexico is poor country without any buying power. In response, Vice President Gore said that Mexico is the United States' second-largest trading partner and may soon become the first.... Thus, NAFTA made important progress (with this debate) in the House of Representatives."

## Japan

### "NAFTA To Be Used For Protectionist Measures"

Business-oriented Nihon Keizai's Washington correspondent Kobago filed, "The Clinton administration is likely to use the NAFTA treaty, if enacted, for protectionist purposes. This is because administration officials have promised a hardline Congress that they would adopt what are called protectionist measures, including restrictions on imports from Mexico and protection of the U.S. job market, in return for congressional ratification of the treaty."

"The administration is also said to have come up with plans to take discriminatory action against foreign (Japanese and European) businesses and industries seeking access to the gigantic North American free trade zone."

"Irrespective of the enactment or failure of the accord, it is certain that U.S. trade policy will reflect more of Congress and that it will intensify trade friction with Japan and the European Community."

November 16, 1993

To : Jack Quinn  
From : Michael Burton

**RE : VP'S ROLE IN THE NAFTA DEBATE**

Attached are highlights showing the VP's leadership in the NAFTA debate along with positive press clips. We are still waiting on Goody's count of Members contacted, so if you have any suggestions for improvement, please let me know.

Statistics are drawn from the briefing book staff, scheduling, and the Senate office. Jim assembled a time-chart and his figures were double-checked against final schedules provided by Tony. From this final time-chart was calculated the number of hours spent on NAFTA as well as the number of events. Goody was not able to get a complete count of Members contacted by the deadline, but he and Mike Feldman agreed that 200 was a conservative figure. Chris Ulrich counted the number of state officials and opinion leaders with whom the VP met. Jim, Goody, and I believe that, while the numbers are not perfect, they are defensible.

On press, Heidi has been giving press coverage to Michela, who edited the positive clips from which I drew the "Short Takes."

I have formatted the information twice, once in public form (*i.e.* excluding debate time) and in non-public form (*i.e.* including debate prep time).



*Non-Public*

# THE VICE PRESIDENT'S LEADERSHIP ON NAFTA

*Non-Public*

## *Over the past two months....*

- ✓ The Vice President spent more than 78 hours in at least 72 separate events, meetings, briefings, and telephone sessions pushing for the passage of NAFTA.
- ✓ The Vice President spoke to roughly 200 Members of Congress.
- ✓ The Vice President met with public officials and opinion leaders from 23 states.
- ✓ And in eleven separate press events, including the CNN face-off with Ross Perot, all three morning talk shows, "Face the Nation," and a press conference on Capitol Hill, the Vice President dramatically reshaped the NAFTA debate and fully reinvigorated Pro-NAFTA forces.

## HEADLINES

**Gore Flattens Perot** (Safire, NYT, 11/11/93)

**Gore Lifts NAFTA off the Mat** (McGrory, WP, 11/11/93)

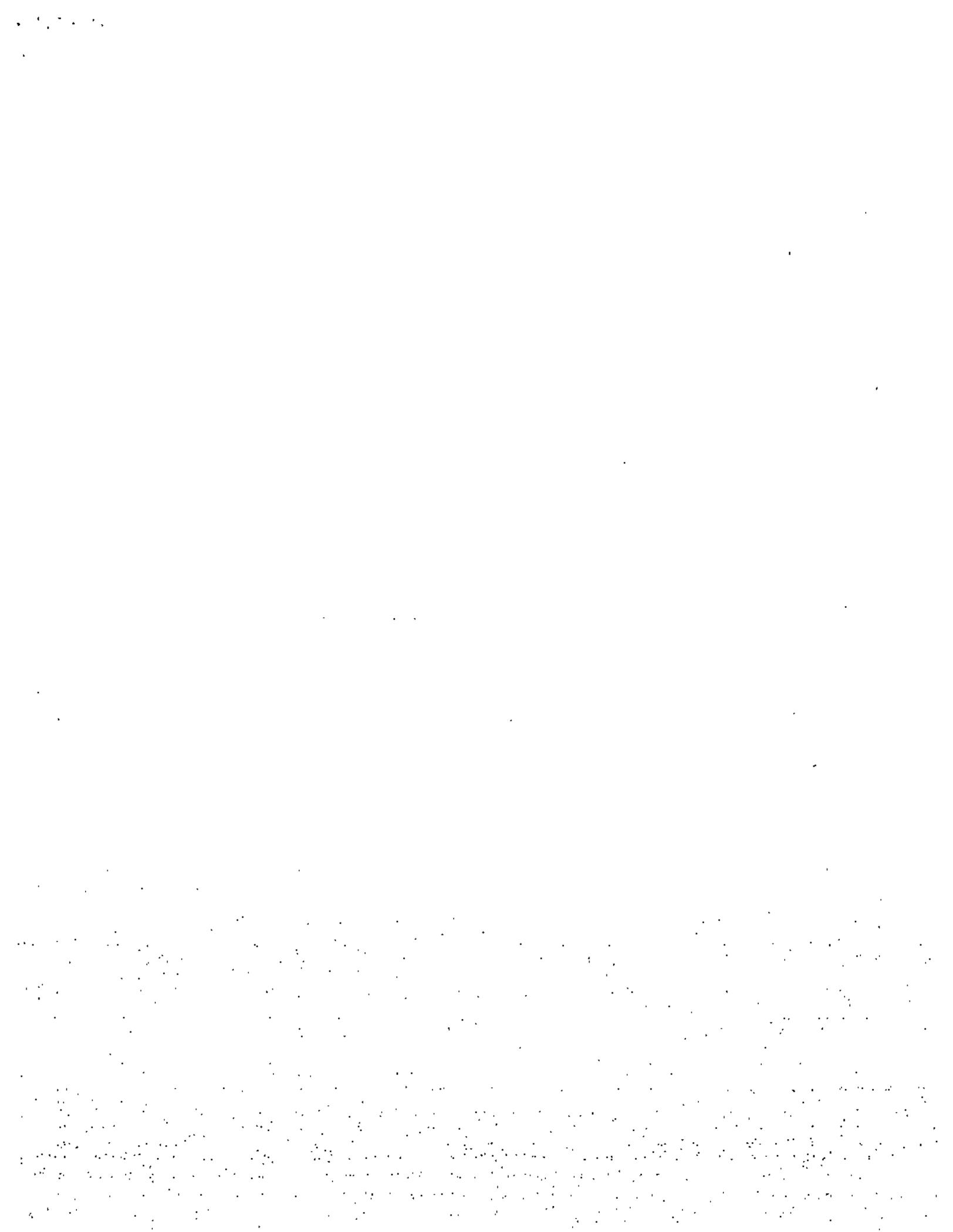
**On Nafta, GOP Needs Gore's Guts** (Gigot, WSJ, 11/12/93)

**Al Gore's Big Knockout** (Editorial, WSJ, 11/11/93)

**King: Gore Wins** (WT, 11/12/93)

**Super Al** (Canada, Financial Post, 11/12/93)

*Among those who watched the Gore/Perot debate, support for NAFTA increased by 67%. Those who thought the Vice President won the debate outnumber those who thought Perot won by almost a 2-1 margin.*



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## SHORT TAKES

"Gore proved that a politician armed with courage and civility can beat a bully."  
(Safire, NYT, 11/11/93)

"Mr. Gore provided the right answers, and those who watched it came away with a real sense of the political tone and texture of the struggle that will determine trade policy--and much else--through the rest of the Clinton presidency." (Editorial, NYT, 11/11/93)

"It does not often fall to vice presidents to perform a signal service for the republic.... But Al Gore, fresh from reinventing government and looking for worlds to conquer, was given a chance to be consequential, and he made the most of it by making mincemeat of Ross Perot." (Will, WP, 11/11/93)

"[E]arly returns from overnight polls and analysts were clear: Gore's big gamble paid off." (Balz, WP, 11/11/93)

"Gore's debate victory.... showed Democrats that they have a vice president who can eat the lunch of a small lion and get some momentum going in[to] a battle that has seemed lost for weeks." (McGrory, WP, 1/11/93)

## STATISTICS

The Gore/Perot debate was the highest rated regularly scheduled cable TV program in history, with some 11.2 million homes. It was seen in 215 countries.

AT&T estimated that 2.2 million phone calls were attempted during the 90 minute debate.

"A poll taken by CNN after the program indicated viewers favored Gore over Perot by a 52% to 32% margin." (Dow Jones, 11/11/93)

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***"This is a choice between the politics of fear and the politics of hope. It's a choice between the past and the future. This is a fork in the road. The whole world is watching."***

# THE VICE PRESIDENT'S LEADERSHIP ON NAFTA

## *Over the past two months....*

- ✓ The Vice President spent more than 54 hours in at least 68 separate events, meetings, briefings, and phone sessions pushing for the passage of NAFTA.
- ✓ The Vice President spoke to roughly 200 Members of Congress.
- ✓ The Vice President met with public officials and opinion leaders from 23 states.
- ✓ And in eleven separate press events, including the CNN face-off with Ross Perot, all three morning talk shows, "Face the Nation," and a press conference on Capitol Hill, the Vice President dramatically reshaped the NAFTA debate and fully reinvigorated Pro-NAFTA forces.

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