

Case Number: 2018-0530-S; 2025-1115-
M

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title: Telcons [January] 1995				
Staff Office-Individual: Records Management				
Original OA/ID Number: 1780				
Row: 43	Section: 1	Shelf: 2	Position: 1	Stack: v

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Mexican President Ernesto Zedillo

PARTICIPANTS: The President
The President of Mexico, Ernesto Zedillo

Notetaker: V. Manuel Rocha, NSC

DATE, TIME: January 6, 1995; 3:15 PM
AND PLACE: Oval Office

The President: Hello.

President Zedillo: Hello, Mr. President.

The President: How are you?

President Zedillo: So, so.

The President: I know it has been a tough time for you.

President Zedillo: I am sorry to bother you, but I feel I have to review with you the situation with our current account deficit. We are having a problem. One way to put it is as if you had to cover all Treasury bonds overnight. Certain sectors are trying to sell those assets and convert them into dollars. The magnitude of the conversion is impossible for us. There is no way the Mexican economy can support this, even for a few days. We cannot meet the payments. This can cause severe damage not only to the Mexican economy but to the U.S. economy. There is danger of systemic damage. It is important to make you aware of these circumstances.

The President: I have been watching the situation closely. Treasury and the Federal Reserve have been working this closely. I praise your economic program which I think is very balanced. We want to be supportive in any way that we can. The U.S. has a lot at stake in NAFTA, in your success and in our common future. That is why we have moved to increase the swap facility available to Mexico to \$9 billion -- the largest such facility in the history of our country. The swap line is a very good deterrent. Can I make a public statement, would that be helpful? Every day we talk about this. But I ...

President Zedillo: I am aware, Mr. President, but we have to take additional steps or we will be facing a very serious, even extreme situation. Finance Minister Ortiz is in town. It would be important if he could talk to the authorities again. My sense is that they don't realize how difficult the situation is, not only for us and for the U.S., but for systemic risk which could also damage the U.S. Of course your statement would be useful. But I think it is wise if the authorities could explore other scenarios.

The President: Is Mr. Ortiz here?

President Zedillo: Yes.

The President: Why don't we have them talk, and we can follow up? ..Larry Summers will see Ortiz this afternoon. I'm glad you called. ...We got broken up. What I was saying is that some devaluation was warranted but the markets have overreacted. Let's let them talk, and we will follow up.

President Zedillo: Thanks very much. I'll be waiting for your call.

-- End of Conversation --

MSMail

DATE-TIME 09 January 95 20:27
 FROM Feinberg, Richard E.
 CLASSIFICATION ~~CONFIDENTIAL~~
 SUBJECT ~~[CONFIDENTIAL]~~
 TO Rocha, Victor M.
 CARBON_COPY NO CC's on THIS MESSAGE
 TEXT_BODY

Comments Welcome.

[[0185.DOC : 5139 in 0185.DOC]]

ATTACHMENT
 FILE DATE 9 January 95 20:25

ATTACHMENT
 FILE NAME 0185.DOC

DRAFT
 1/10/95

INFORMATION

MEMORANDUM TO THE PRESIDENT

FROM: ANTHONY LAKE

Subject: Implications of Mexico's Financial Crisis

The impact of Mexico's financial instability on the Zedillo administration, U.S.-Mexican relations, and the rest of the Hemisphere will depend on the severity of the crisis. If the peso stabilizes over the next several weeks and Mexico's recession is brief, the fallout will be considerably less than if Mexico defaults and enters into an inflationary spiral. We will work hard to make the lesser evil more likely.

Implications for Mexico and the Zedillo Administration

Even if the crisis is contained, Mexico will face renewed inflation, low or negative growth and declining living standards in 1995. This shock comes after a political campaign in which Mexicans

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2013
 By KRM, NARA, Date 8/29/2025
 2025-1115-17

were promised just the reverse. Hence, disillusionment and anger with the Zedillo administration is widespread even if polls suggest that most people recognize that Zedillo inherited the problems from his predecessors. Zedillo and his colleagues have yet to congeal into an efficient and authoritative team. Zedillo will have to struggle hard to regain control over the Mexican economy and psyche.

Traditionally, Mexican presidents have relied upon the authority of their office and the PRI's ties with business and labor to manage economic downturns. If the inflationary bubble is not too severe and the crisis is promptly brought under control, Zedillo will probably be able to avoid excessive wage demands that could ignite a wage-price spiral. But if the crisis persists, Zedillo's authority will continue to erode and with it the stabilization gains of the past decade.

The political opposition is seizing upon the crisis to discredit not only the PRI but the entire model of market-oriented reform. So far, Zedillo takes comfort from the weakness of the leftist political opposition, the PRD. Also, the Chaipas rebels have continued to pursue talks rather than to engage in serious military actions. Notwithstanding its mishandling of the December 20 devaluation, Zedillo's economic team is very strong. Mexico's economic reform process has weathered other storms in the past and will almost certainly outlive this one as well, so long as a financial collapse is averted.

Implications for U.S.- Mexican Relations

The peso devaluation and accompanying economic recession are intended to cut Mexico's current-account deficit in half, from \$28-30 billion to \$14 billion in 1995. This will cause U.S. exports to stagnate or decline while the cheaper peso stimulates Mexican exports. Mexico will enjoy a trade surplus with us. The impact on U.S. direct investment is less obvious. Mexico will become more attractive to those firms seeking low-wage labor or to use Mexico as an export platform (Some Asian firms fit these characteristics). Some firms, however, will take a wait-and-see attitude until the

situation stabilizes. Others oriented toward the Mexican market may be discouraged temporarily.

The devaluation and recession will spur migration. The larger wage differential makes working in the United States even more attractive. However, rising employment in the export sector should partially offset this incentive to migrate. A weakened Zedillo administration will prefer to keep this safety valve as open as possible. It may be tempted to respond to problems on the border -- as well as to Proposition 187-type initiatives -- with anti-U.S.

rhetoric.

So far the crisis has deepened the degree of bilateral cooperation as we have made available our line of credit to stabilize the peso. The Zedillo administration can only be very grateful for our assistance in its hour of need. The Zedillo state visit in June and the Binational Commission (BNC) meeting in the spring should build on what is an already very promising relationship between our governments.

The public debate may be another matter. The opponents of NAFTA have already begun to seize upon the current crisis to argue that Mexico is too underdeveloped and unstable to warrant a special trade relationship. They will site the cheaper peso and our looming trade deficit to resuscitate the "sucking sound" metaphor. We will be accused of having exaggerated the trade and employment gains during 1994. Should Mexico default, we can anticipate accusations that Mexico has reneged on its NAFTA obligations and even suggestions that the agreement be cancelled.

We can respond that the crisis would have been worse without NAFTA, that Mexico might have reverted to higher trade barriers and exchange controls as it did in the pre-NAFTA days. We can add that an FTA is a long-term proposition and that it is the best antidote to underdevelopment. NAFTA opponents still have no viable alternative to free trade to generating prosperity in Mexico and thereby increasing Mexico's capacity to purchase U.S. goods and reducing migratory pressures.

The likely increase in migration will play directly into the hands of the supporters of Prop 187-type initiatives. It will increase the perception that migration from Mexico and other developing countries is not a temporary phenomena but is rather a long-term threat to our social system. It will increase pressures for measures beyond border control such as effective employer sanctions and national ID cards.

Implications for the Rest of the Hemisphere

Stock markets in other Latin American countries have suffered as investors begin to pull back. So far, however, the spillover has been modest. Whether investors redline all of the hemisphere, as they did following Mexico's default in 1992, depends upon the resolution of the crisis.

In fact, Mexico's situation is unique. No other country suffers from the combination of large (8 percent of GDP), chronic current-account deficit, overvalued currency, low reserves and large stocks of short-term liabilities owed to foreigners. Brazil has been running large trade surpluses and has significant reserves.

Chile's export performance is exceptional and its reserves also are large. Colombia has traditionally avoided over-borrowing. Venezuela is already in recession and its equities have been discounted. Argentina is the most vulnerable with its overvalued exchange rate and its trade deficit but its domestic financial situation appears less fragile. Finance Minister Cavallo was well

received in New York over the holidays and is optimistic that Mexico's problems will not infect Argentina.

If the Mexican crisis is contained, the rest of the Hemisphere should escape with some damage to equity prices but without major disruptions. If the peso collapses and international investors fail to distinguish among the region's economies and withdraw on mass, the economic and political implications would be serious indeed. The capital outflows would produce devaluations, recessions and import contractions. The reform-minded incumbent governments would suffer badly; Menem's reelection prospects would dim. Opponents of market reform would have a field day.

In the worst case, the "Spirit of Miami" could vanish as opinion turned against international markets and in favor of trade protection, exchange controls and capital market intervention. However, if history is a guide, this backsliding could be short-lived. It was the debt crisis of 1982 which eventually drove Latin America to abandon statist populism and seek macroeconomic stability and global integration. This time, the outcome would depend on the lessons learned and the international response. The Latins must come to understand that the roots of today's Mexican crisis lie in unsustainable current-account and exchange-rate policies, not in market reform per se. At the same time, the current problems might generate creative responses by the international community, as did the 1982 debt crisis.

M S M a i l

DATE-TIME 09 January 95 20:29
 FROM Feinberg, Richard E.
 CLASSIFICATION ~~CONFIDENTIAL~~
 SUBJECT ~~[CONFIDENTIAL]~~
 TO Kyle, Robert D.
 CARBON_COPY NO CC's on THIS MESSAGE
 TEXT_BODY

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2001
 By KBM/NARA, Date 8/29/2025
 2025-1115-M

Per Sandy's request. Recall that this cut is supposed to analyze the problems. Later we will imagine policy responses. Comments most welcome.

[[0185.DOC : 5175 in 0185.DOC]]

ATTACHMENT
 FILE DATE 9 January 95 20:28
 ATTACHMENT
 FILE NAME 0185.DOC

DRAFT
 1/10/97

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M S M a i l

DATE-TIME 12 January 95 09:19
FROM Feinberg, Richard E.
CLASSIFICATION **** NO CLASSIFICATION ****
SUBJECT Subject: Mexico Talking Points UNCLASSIFIED]
TO Danvers, William C.
CARBON_COPY NO CC's on THIS MESSAGE
TEXT_BODY

MEXICO

-- America has a great stake in a prosperous and stable Mexico. It is in America's economic and strategic interest that Mexico succeeds.

-- The current problem is a short-term one of confidence.

-- If we can help Mexico restore confidence, Mexico can build again on the foundation for growth laid in place in recent years.

-- Mexican President Zedillo has outlined a comprehensive economic program, which has won the support of the International Monetary Fund.

-- We are working together with the Congressional leadership on ways to address Mexico's problem. We will do this in a bipartisan way because U.S. national interests are at stake.

-- Instructed the Treasury, working closely with the Federal Reserve, to continue to take appropriate steps to help Mexico.

-- Prepared to authorize the extension of the maturity of our existing credit facility and to increase those commitments to assist Mexico in meeting its short-term financial obligations.

-- We are exploring options that would not undermine our deficit reduction efforts.

-- We must move quickly. Inaction and division would hurt this problem.

-- Yesterday saw some tenuous stability in Mexican markets because of the signal of support we sent and that the U.S. government was engaged at the highest level to address the Mexico problem.

MS Mail

DATE-TIME 10 January 95 19:45

FROM Rocha, Victor M.

CLASSIFICATION ***** CLASSIFICATION NOT FOUND *****

SUBJECT FW: Draft Memcon of President Clinton call with President Zedillo

TO Daniel, Patty A.
 Fauver, Robert E.
 Froman, Michael B.
 Kyle, Robert D.
 Mack, Kathryn S.
 Mathiowetz, Nancy
 Mitsler, Elaine M.
 Punke, Michael W.
 Sherman, David J.
 Walsh, Helen C.
 Whyman, William E.

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 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2011
 By KBM/NAFA, Date 3/29/2025
 2025-1115-M

CARBON_COPY NO CC's on THIS MESSAGE

TEXT_BODY

From: Gates, Brian K.
 To: Fauver, Robert C.; Feinberg, Richard E.; Froman, Michael B. G.; Punke,
 Michael W.; Rocha, Victor M.
 Subject: Draft Memcon of President Clinton call with President Zedillo of
 Mexico 10 January 1995
 Date: Tuesday, January 10, 1995 07:40 PM

[[ZIA0908.DOC : 4932 in ZIA0908.DOC]]

ATTACHMENT FILE DATE 10 January 95 19:38

ATTACHMENT FILE NAME ZIA0908.DOC
~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION
SUBJECT: Telcon with President Zedillo of Mexico on January 10, 1995

PARTICIPANTS: The President
President Zedillo
Notetakers: Brian Gates

Stephen Niemerski
DATE, TIME January 10, 1713 - 1716 EST

President Zedillo: Hello, Mister President.

The President: Hello, Ernesto. How are you?

President Zedillo: Here we are. Sorry to tell you things are not going very well in spite of the actions we have taken. We are having a strong run against the Peso. I believe this is not only a Mexican problem, but also a systemic problem. I fear that if the situation is not turned around soon, we will not have resources to turn this run around. I believe we may need much stronger medicine.

The President: Yes. We have been watching the situation all day. I have been traveling all day. I was in Illinois and am now on my way back to Washington. Our people are meeting on this issue right now and we will discuss it further when I get there. I'll get back in touch with you after we meet.

President Zedillo: Okay. Thank you.

The President: Keep your chin up and hang in there.

President Zedillo: Thank you. Good bye.

~~CONFIDENTIAL~~

MSMail

DATE-TIME 11 January 95 18:19
 FROM Rocha, Victor M.
 CLASSIFICATION ***** CLASSIFICATION NOT FOUND *****
 SUBJECT FW: DRAFT Memcon of President Clinton - President Zedillo phone
 TO Walsh, Helen C.
 CARBON_COPY Wilhelm, Richard J.
 TEXT_BODY

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By KSH NARA, Date 3/29/2025
 2025-1115-M

From: Gates, Brian K.
 To: Fauver, Robert C.; Feinberg, Richard E.; Froman, Michael B. G.; Punke,
 Michael W.; Rocha, Victor M.
 Subject: DRAFT Memcon of President Clinton - President Zedillo phone call
 2243 10 Jan 95
 Date: Wednesday, January 11, 1995 02:04 AM

[[ZED20110.DOC : 4695 in ZED20110.DOC]]

ATTACHMENT
 FILE DATE 11 January 95 2:1

ATTACHMENT
 FILE NAME ZED20110.DOC
~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION
 SUBJECT: Telcon with President Zedillo of Mexico on January 10, 1995

PARTICIPANTS: The President
 President Zedillo
 Notetakers: Brian Gates
 Madelyn Marmol
 DATE, TIME January 10, 2243-2246 EST

The President: Hello.

President Zedillo: Hello, this is Ernesto Zedillo.

The President: I have just finished a long meeting with our people and, I have a feeling of what you need. It is much more substantial than what we have done so far.

President Zedillo: That's right.

The President: It will have to have Congressional support. I have already spoken to three of the four leaders in Congress and it looks promising, but we will need to get bipartisan support for a move to go forward quickly.

President Zedillo: I see.

The President: We will brief them in the morning to get this moving quickly. I really am going to try to help. I know you're in a pickle there, but it would help me if there was nothing said publicly in Mexico until I go through all the traps in Washington tomorrow. I really am going to try.

President Zedillo: Certainly. You can count on that.

The President: We can't afford for the Mexican economy to go down--for your experiment to fail. This isn't done yet, though. I can't do it without Republican and Democratic leaders in Congress, but I will work really hard to do it. If I can do it, I will do it. As I said I've spoken to three of the four Congressional leaders and I'll stay up until I've briefed them all. I will do everything I can.

President Zedillo: I really appreciate this support. I know it's a big effort, but let me assure you it will be worthwhile.

The President: Yes. I think we have a chance. Keep your fingers crossed and I will get in touch with you.

President Zedillo: I will. Thank you very much. Good night.

The President: Good night.

~~CONFIDENTIAL~~

M S M a i l

DATE-TIME 13 January 95 09:17
 FROM Walsh, Helen C.
 CLASSIFICATION ~~CONFIDENTIAL~~
 SUBJECT Subject: FW: Zedillo Memcon [~~CONFIDENTIAL~~]
 TO Fauver, Robert E.
 Kyle, Robert D.
 Sherman, David J.
 CARBON_COPY NO CC's on THIS MESSAGE
 TEXT_BODY

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2016
 By KBH NARA, Date 8/29/2025
 2025-1115-M

From: Rocha, Victor M.
 To: Walsh, Helen C.
 CC: /R, Record at A1; Wilhelm, Richard J.
 Subject: FW: Zedillo Memcon [~~CONFIDENTIAL~~]
 Date: Friday, January 13, 1995 08:43 AM

From: Turner, Joe T. (Thorn)
 To: Feinberg, Richard E.; Rocha, Victor M.
 CC: /R, Record at A1
 Subject: Zedillo Memcon [~~CONFIDENTIAL~~]
 Date: Thursday, January 12, 1995 08:23 PM

~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION

SUBJECT: Telcon with President Zedillo of Mexico on January 12, 1995

PARTICIPANTS: The President
 President Zedillo

Notetakers: Alejandro Martinez
 Thorn Turner

DATE, TIME January 12, 1994, 1759-1807 EST

The President: Hello. How are you?

President Zedillo: Fine, thank you.

The President: Well the markets did reasonably well today. I hope we can help. I met with the Speaker of the House, Senator Dole and the Democratic minority leaders and we will be releasing the following statement: We agree that the U.S. has an important economic and strategic interest in a stable and prosperous Mexico. We are pursuing ways to increase financial confidence and to encourage further reform in Mexico. We agreed to do what is necessary to restore financial confidence in Mexico without affecting the current budget at home. Tomorrow, we will be briefing the House of Representatives on the details. We will designate the Commerce Department to work out the details. This should help stabilize things.

President Zedillo: Excellent. That will be a tremendous help. How was the reception among the members?

The President: The leaders are concerned about losing members on the loan guarantees. But I will stress that this is more like cosigning a note with a friend. Mexico has never asked for financial aid and all we are doing is helping a friend by cosigning a loan.

President Zedillo: I think the formula may work and will be very well received. The problem is that the rate is now so high that the agreement with the unions is in jeopardy. In the next few days I need *** in the market as long as we are able. That should have a positive impact. Do you have any idea how long this could take?

The President: No, I think people will see we are moving in the House and Senate. House Republicans and Democrats want to make sure the investment is sound. I'll be in close touch to make sure it is acceptable to all to get through the numbers. When the market sees we are serious, it will move in a positive direction. We know we have to move in a hurry and we know the importance of speed.

President Zedillo: Yes, it is very important for our people to keep in contact and to follow the discussion and analysis closely. We want to make sure the politicians accept it. We have to look carefully at the conditions. Once this has become politicized it has to be explained very carefully.

The President: That's right. Thank you very much.

President Zedillo: No, thanks to you. We will announce we have received this kind call right away. Anything I can do, speaking with a leader of your Congress for example, I will be glad to.

The President: It will be done. My people will be in touch with your Finance Minister. The main thing is to emphasize that we talked though it. You are not asking for financial aid but rather a loan from a friend. The most important thing is for you to show confidence and we'll get this thing

up.

President Zedillo: Thank you very much, on behalf of the Mexican people. I really appreciate it.

~~CONFIDENTIAL~~

M S M a i l

DATE-TIME 23 January 95 19:49
 FROM Turner, Joe T.
 CLASSIFICATION ~~CONFIDENTIAL~~
 SUBJECT Zedillo Memcon [~~CONFIDENTIAL~~]
 TO Feinberg, Richard E.
 Mitchell, Calvin A.
 Rocha, Victor M.
 CARBON_COPY NO CC's on THIS MESSAGE

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2011
 By ~~KRM~~ NARA, Date 8/29/2025

TEXT_BODY

Gentlemen,

Attached is the Memcon from Monday's Presidential call. Distribution to Rubin, Christopher and Summers is pending Exec Sec approval. [[ZEDO0123.DOC : 4944 in ZEDO0123.DOC]]

ATTACHMENT
FILE DATE

23 January 95 19:34

ATTACHMENT
FILE NAME

ZEDO0123.DOC
~~CONFIDENTIAL~~
~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION

SUBJECT: Telephone Conversation with Mexican President Zedillo

PARTICIPANTS: The President
 President Zedillo
 Notetakers: Richard Feinberg
 Manuel Rocha
 Daniel Flessas

DATE, TIME January 23, 1995, 1706-1718 EST

The President: Hello.

President Zedillo: How are you?

The President: I'm fine.

President Zedillo: I have been trying to reach you to express my appreciation for

y
our support for the loan
guarantees package for Mexico. I have been informed of the negotiations going
on fo
r the approval of the
package. I appreciate your cooperation in the effort to stabilize the financial mar
kets. I'm interested in
getting it done as soon as possible.

I wanted to share some concerns. The delay is becoming a major source of
market un
certainty and
speculation. Recently, the dollar value for the market dropped 20% and our
exchange
rate got very
close to 6. The other thing I wanted to convey to you, very frankly, as I read it,
the wording in the
draft legislation that is being proposed by several quarters is very problematic. O
n one hand a number
of issues are very political. People here are concerned that we're politicizing the
economic and financial
operations. You are aware of the drug enforcement, border concerns, prisoner
exchan
ges, labor and
immigration issues. Some of the issues are very political when in fact the package
was seen as
something that was strictly financial.

On the issues of labor and immigration, there is no language negotiated yet
because
some people in the
Administration and Congress are taking a strong position on this. We also have
the
issue of Cuba. We
have been trying to negotiate convenient wording. You know how Mexican
foreign poli
cy has been
traditionally on this issue.

But even on strictly economic aspects the wording suggests that the U.S.
Government
will be supervising
the application of economic policy in Mexico. That's not only an explosive issue
po
litically but I would
be impeded from doing so by the constitution to subscribe to such a law. I'd be
acc
used of violating
Mexican sovereignty. If the agreement is based on a law that is supervised by the

U

.S. Government it would be problematic, even impossible. It would be complex. We could be in a rather sad position of not being able to accept your kind offer. The markets are getting nervous. We had assumed a 4.50 exchange rate and now it is close to 6.

The President: First of all, let me say I understand your political problems. I have been attempting to beat back the non-economic conditions, including Cuba. We'll work hard to keep any reference to Cuba out of the legislation. On the economic conditions, I can't possibly go through with this unless the economic conditions are satisfied. An agreement with the IMF would help us. If you think it is helpful, I would be willing to issue a statement today expressing my confidence that the Congressional leadership will fulfill its commitment to solve this problem and that I will continue to urge Congress to act expeditiously. I don't

think we can pass it this week but we'll get some movement this week and I think we can get it passed next week. I will do the best I can.

President Zedillo: I know you have your own political problems.

The President: I'm going to try to get one Congressional body to act this week. I've got to keep pushing Congress. The draft side letter listing Mexican initiatives on law enforcement is helpful. I will do what I can to help you on the Cuba issue. I don't want to get into the business of Mexico's sovereignty any more than you do. I will work to minimize the interferences. I'm trying to beat back everything with everything I've got. We need economic assurances to pass it. I'm trying to balance assurances with timing while beating back the extraneous conditions. I'll keep pushing. I understand your situation. If I do well tomorrow night in my speech, I think we'll be all right. I'll do everything to minimize the burden consistent with the timing.

President Zedillo: On these economic conditions, we agree we need conditions.

The
problem is how the
wording is in the legislation. When we spoke to Mr. Rubin he suggested that we
shou
ld send a proposal
without affecting sovereignty. The problem is that the conditions ask the U.S.
Gove
rnment to supervise
directly. The same assurances can be obtained with different wording. This is the
point we are trying to
convey to your administration and Congress. I recognize you are putting up a big
fi
ght and everyone in
Mexico is very appreciative.

The President: I'll do everything I can to help. I don't want to add to your burde
ns. Would you like me
to issue a statement today?

President Zedillo: Yes, it would be very helpful. Tomorrow is a key day in the
mar
kets.

The President: Thank you.

President Zedillo: Thank you. I am sorry to bother you before the State of the Uni
on Address. I wish
you good luck.

The President: Thank you.

President Zedillo: Good bye.

The President: Bye bye.

M S M a i l

DATE-TIME 31 January 95 18:01
 FROM White House Situation Room
 CLASSIFICATION ~~CONFIDENTIAL~~
 SUBJECT Subject: [~~CONFIDENTIAL~~]
 TO Rocha, Victor M.
 CARBON_COPY NO CC's on THIS MESSAGE
 TEXT_BODY

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2001
 By KEH NARA, Date 8/29/2025
2025 - 1115 - M

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Telephone Conversation
 Between President Clinton and President Zedillo
 of Mexico

PARTICIPANTS: Katherine O'ÉLoughlin, Alejandro Martinez
 and Kenneth Baldwin

DATE/TIME: 31 January, 1995, 3:25pm - 3:29pm

President Clinton: Hello.

President Zedillo: Hello. How are you?

President Clinton: Fine, how are you?

President Zedillo: Mr. President on behalf of the Mexican people, I want to express our recognition and appreciation of your announcement. We hope this opens up the perspective of the Mexican economy. It outlines a totally different situation than the scenario of disaster we were approaching. I am getting ready to make a public statement to acknowledge your statement and to thank you.

President Clinton: Well thank you. Let me ask you this. How are the markets reacting?

President Zedillo: Quite positively. The market index is up seven percent and the exchange rate is below six. Reaction is very positive. As soon as it is implemented, it will have a tremendous impact on the markets.

President Clinton: Well I'm really hopeful and excited for you...it will be

less painful if your adjustments are successful.

President Zedillo : That's right. In this message, I will insist to the Mexican people that the final solution will rest solely on their work and discipline and with the Mexican commitment. We must support this effort.

President Clinton: The other thing is that we're just going to do it...it gets us out of the conditions set on narcotics and immigration...We have to follow through to show Congress we didn't need the conditions...and need to make sure that you are willing to follow through.

President Zedillo: I am definitely willing. It is in our national interest and in the interest of a closer relationship with your government. We will continue to coordinate all communications with the State Department and the other agencies to continue the agreement we have made.

President Clinton: Looking forward to it. We need to stay in close touch and work together...keep everybody's spirits up and we're going to get through this.

President Zedillo: We will. We will Mr. President. I hope we will remember this episode as something bad that happened in the past.

President Clinton: That's what I'm hoping for.

President Zedillo: Bye-bye.

President Clinton: Bye.