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Selected Document

Address by President Zedillo to the U.S. Chamber of Commerce October 11, 1995

I am very pleased to address you today. I'm happy to say that I bring a message of new hope, hard won achievement and the prospect of renewed economic growth for Mexico.

I am conscious in coming here that this U.S. Chamber of Commerce is also a center of world commerce. Today we look forward to what we can do together for the common prosperity of both our peoples.

Of course, we also look back today on a difficult, yet remarkable year in Mexico. A year of great and historic challenge and decisive response.

When the crisis came, we resolved to meet it firmly, consistently and without delay. We now have the record to prove that resolve. This journey, which is not yet finished, has passed many landmarks — the landmark of the deep and abiding courage with which our people have met and are overcoming adversity. Without that, nothing would have been possible. With it, almost nothing seems impossible.

The landmark of far-reaching and fundamental reform in our state and in our society presumed by my administration when others might have misused the economic crisis as an excuse for temporizing or turning back. Not only are we staying the course of economic reform, we are also in the process of changing our political institutions to advance our democracy and changing our government to give new reality to the old ideals of pluralism and federalism.

And there is also, and this is very important, the landmark of continuing progress with our North American neighbors and business partners, including so many of you in this room. Each day in many different ways, we are re-affirming our openness to your entrepreneurial investment.

In the course toward recovery, there will be moments of fluctuation. We have experienced them at some points in the past five months. But the setbacks are only temporary because we are correcting the root causes. The long-term trends are clear, and so are the underlying fundamentals of our economy.

In discussing our present economic progress, I am also here to acknowledge on behalf of the people of Mexico, the indispensable contribution and international leadership of President Clinton. I express my appreciation to your nation and your people. We are ahead in a schedule in meeting our debt repayments. Your financial support will never cost your taxpayers a single dollar.

Our government, our businesses and our workers refuse to fail. We join together and are coming through the storm side by side.

To the citizens of Mexico belongs the credit both for the sustained effort to overcome the crisis, and for our future prospects. I am honored, very honored to be their president. I can tell you today that Mexico is turning the corner. Fear has been replaced by a growing confidence and economic recovery is in sight. Let me comment again — the threat of financial insolvency that confronted us only a few months ago has now vanished.

Our firms, our financial institutions and our government have regained access to international capital markets. Mexico is controlling inflation. Short term debt has been reduced and we have moved our trade account from a huge deficit into a significant surplus. The trend is a continued decline in interest rates, despite the occasional fluctuations, we are moving toward a stable exchange rates, freely determined by the market.

We are accelerating free market reforms and demanding more competitiveness in domestic and export sectors. We are deregulating across a broad front. We are opening up to private investment, both domestic and foreign, in areas like transportation and distribution of natural gas, railways, telecommunications and petrochemicals. We are sustaining and strengthening our social safety net to ease the hardship of too many working families, consumers, and companies. Within strict fiscal and monetary guidelines, we have put in place a new program for debt relief for individuals and the small businesses.

Because we had maintained and will keep that discipline in our budget, we have the resources to launch a special initiatives that would provide incentives and impetus for job creation. Mexico will move onto the path of sustainable economic growth, as we move into the new year, an achievement which many thought was unattainable. And most thought would be far lower in common. During the fourth quarter of this year, our gross domestic product will begin to grow moderately over its level in previous quarters.

These will be a result of more stable financial markets, the downward trend in tariff rates, the debtors relief program, an upturn in homebuilding, a program increase in public investment, and farther increases in exports and in direct foreign investment. During '96, we will maintain a balanced budget and as in '95, we all suspect a great surplus. I say all of this to you today as one partner to another.

I can also say that Mexico is a good place to invest, a good place to do business. We have a skilled and competitive labor force. We have a large internal market and a strategic location at the center of the Americas.

I am confident that in the years ahead NAFTA will be seen and celebrated as a promise kept on both sides of the border — and a promise of more jobs, higher incomes and profits, and a new era of future prosperity for all the nations that subscribe to it. NAFTA is establishing a permanent and predictable framework for doing business across North America. The agreement will also give us and you a powerful platform on which to stand and compete within the emerging global economy of the 21st century.

The true test of our partnership is not how it performs in the best of times, but how it performs in the most demanding times. And when that test came, both nations did what was right for our own people and for each other. NAFTA provided a source of its stability, a sense of permanence. Our response was outward looking. Our markets remain free. We implemented a second round of tariff reductions on the schedule on January 1, 1995.

On that day, Mexico also became a partner in three additional and far reaching free trade agreements with Colombia and Venezuela, with Bolivia, and with Costa Rica. As promised, we completed the full found of tariff reductions with Chile and implemented the new obligation acquired under the Uruguay Round including the elimination of all non-tariff barriers.

For our American trading partners, the fruit of the free trade had been significant. Contrary to the rhetoric of its critics, NAFTA is fulfilling its promise as evidenced by the fact that Mexico is buying nearly four times more U.S. products than it did a decade ago. Even this year with a very serious recession in Mexico, despite the economic down turn,

Mexico is importing from the United States more than we did before NAFTA was passed.

During the first seven months of '93, the last pre-NAFTA year, Mexican imports from the U.S. amounted to \$26 billion, while during the same period of '95, they reached almost \$30 billion. That means that the critics of NAFTA are wrong. Even in this year NAFTA is proving to be an extraordinary instrument to promote trade in Mexico, trade in the United States.

NAFTA works, that free market works, and the proof of that has been forged in the fierce fires of a serious economic crisis. Our two economies, as they become more integrated, are also becoming more efficient and more profitable. Joint ventures between Mexican and U.S. firms, have multiplied in recent years. A large part of the growth comes from production partnerships, where goods are manufactured in factories in both nations with each factory adding value in what it does best.

Together we can produce goods more competitively than any other region in the world. The result, Mexico benefits from its enhanced business and growth and so does your country because co-production with Mexican firms offers higher U.S. content and goods co-produced anywhere else.

Jobs, incomes and profits stay in North America, both in the United States and Mexico. Our market will continue to open up because that is the best way to move Mexico forward.

But economic progress as indispensable as it is cannot be our sole purpose. Mexico cannot achieve the fullness of its national life unless it also achieves full democracy at every level of government and society. We are determined to establish in this administration and for the future a new order of honesty, accountability and democracy because in the end upon that project all else depends.

There is a fundamental truth in the freedom now sweeping the globe. Vibrant economies built on free markets require representative and democratic governments. Mexico can thrive only in a new era of justice and respect for the law. When I took the oath of office as president, I called for the thorough democratization of the nation.

We proved our commitment to this at the moment of profound economic crisis. We listened to our critics, and respect their views. The history of this century teaches that an authoritarian solution is both bad government and bad economics.

Our commitment to democratic change inevitably brings with it a more intense political debate within Mexico. That intensity should not be misconstrued as crisis and openness should not be confused with hesitation. Debate should not be confused with disorder. On the contrary, as recent experience has clearly demonstrated, a more open and vigorous political life is the only road toward a long-lasting political stability.

I deeply believe that democracy strengthens a government. Democracy reinforces leadership. Democracy encourages new ideas and greater progress.

So, we have established a permanent dialogue with Congress and with all political parties in Mexico. In shaping our stabilization program, we consulted with business, labor and workers, with political force as well as political allies. Some mistook the process for hesitation. What it really involved was inclusion. What it really achieved was solidarity and a strength of purpose. What it really portends is a Mexico of checks and balances.

Where liberty is and always should be a way of life and not a word written into documents and then forgotten. I will soon propose legislation to strengthen the legislative branch audit in power over government and the federal budget. Those in charge of spending the money should not have the last word on their own performance. This reform will

make Congress stronger. It will make government more accountable. It will fortify our democracy.

We're also creating a judicial system based on the rule of law, not the rule of politics. I propose Congress approve and the state legislatures ratify an amendment to our Constitution to reinforce the authority of the Supreme Court. For the first time in our national experience the Supreme Court is a truly independent body elected by our Senate. We have established new safeguards for the independence of all judges and a new professional system for appointments. In short, we are creating a new architecture for the protection of basic rights of life and liberty. The changes will not be completed overnight. This is a long and an arduous task but I have committed myself to devote personal attention to it everyday of my administration.

We are committed to live in a society where no one who commits a crime is immune. We are sending the message that those sworn to uphold the law have no right to break the law. We are also directing special attention to the plague of narcotics that poisons our society as surely as it does poison yours. We have obtained important positive results, but in candor I must tell you that the challenge is enormous. We are working to reorganize our anti-drug enforcement, to upgrade police training, and to assure better information and cooperation with your government. As we wage war on the drug traffic through Mexico, a task which is our sole responsibility, we ask you to step up the fight on the demand side. Otherwise, putting pressure on other nations will not solve the problem but shift it.

Finally, democracy demands elections where those in power are prepared to accept defeat as well as victory. I have called for a definite and comprehensive federal electoral reform that can create a democratic normality. For election after election the process is so clearly and harmlessly conducted that no one will contest the results. I am confident, very confident, that soon we will be working with our Congress and with all political parties to define the contents of this federal electoral reform.

In my first year in office, there have been local elections in many states. These electoral processes have been conducted under the close watch of the citizens, and in most cases, under new and significantly advanced electoral legislation.

In many states, highly competitive and peaceful elections and results that correspond to the votes cast, already form part of a political life characterized by democratic standards. For Mexico, this year has been a period of great change in a short time across the broadest range of concerns that any of us have ever known.

We could have become economically chaotic and politically unstable. Instead, we are in the process of restoring our economy and achieving the democratic normality that will sustain political stability into the next century.

I said earlier that it is an honor to be their President. As your colleagues who have invested in Mexico will tell you, it is also an advantage to work with them.

Their hopes are at the heart of our economic policy, where I believe that a good job is the greatest social program of all. In that context, let me address an issue of great concern in your country and of extraordinary sensitivity in mine.

Only as the economic tide rises can we effectively stem the tide of illegal immigration. Migrants don't want to leave their country or their culture. They do so because they feel they have to. To face this challenge, we must and we'll give Mexicans a genuine possibility to improve their lives by following the paths of education and employment, not the paths north toward the border.

We will deter illegal migration directly by acting against those who in violation of Mexican laws and human dignity, traffic with human beings. We also believe and we insist that the basic human rights of people must be respected on both sides of the border, whether they are citizens, residents or immigrants.

In closing, let me speak not only of the relationship that now exists between our two countries, but of the partnership that we can and must build together. It is natural that from time to time there are some points of disagreement in our relationship. We are sovereign states. We are proud and distinctive cultures, but the ideals that we share are stronger than any differences between us.

We share a faith in family, work and opportunity. We share an indomitable sense of freedom and aspiration. A common task is not to belabor the past, but to bestride the future and to give new life in a new century to the shining principle that gave birth at different moments to both our nations — the dream of liberty and justice for all.
Thank you very much.
