

Speech in San Antonio, Texas May 25, 2002

Good afternoon, I'm delighted to be with you today in San Antonio, one of my favorite U.S. cities, and to have the opportunity to address such a distinguished gathering of experts on Free Trade of the Americas, the WTO and the new Farm Legislation.

I know from personal experience how important these issues are to economic growth and prosperity in our region.

During my tenure as Deputy Assistant Secretary in the Bush I Administration, we negotiated and passed a new Caribbean Basin Initiative trade agreement providing greater access to U.S. markets for Caribbean and Central American countries products—mainly agricultural and textile and apparel.

While the tools were economic, the goals were largely political. By increasing prosperity in the Caribbean Basin region, we hoped to promote political stability in those countries, encourage openings in the economic and political systems, create an impetus for macro-economic reform, restrain the growth of drug production and trafficking through the region and put a damper on the “push” factor to emigration and illegal migration to the United States.

Although there was some initial resistance in the Congress to CBI as protectionists raised their heads, eventually the good sense prevailed which said that even if there were some small dislocation in some sectors of the U.S. economy---mainly textiles and apparel –the greater good was to have stable, prosperous and democratic neighbors.

At almost the same time as we were debating CBI, and much to our initial surprise, the Mexican Government of President Salinas signaled that they wanted to begin negotiations to lead to a comprehensive free trade agreement with the U.S. Common wisdom that prevailed during my tenure in Embassy Mexico in the late 1980's was that the most we could hope for was a gradual sector-by-sector approach with Mexico---automobile parts, peanuts, corn oil, textiles, sugar, cement, steel, communications equipment, etc. over 20 years or more, the pace greatly affected by the Mexican shibboleth and fear “Poor Mexico, so far from God, so close to the United States.”

So imagine my surprise one day in 1989, a year or so into Salinas' Presidency when his closest advisor, Pepe Cordoba, walked into my office in Washington and said, “What do you think the U.S. response would be if we wanted to negotiate an FTA?” I replied, “I think Jim Baker would like to see you”, and promptly arranged a meeting for the next day. And that truly was the beginning of NAFTA.

But what motivated our two nations? On the Mexican side it was a disappointing trip made by President Salinas to Europe. He had already announced some economic reforms –primarily to sell off a large number of para-statal companies and to take economic

measures designed to increase exports, attract foreign investment, reduce inflation, stabilize the exchange rate and provide greater import coverage which was perilously low at the time. He expected a positive response from Europe, mainly a huge influx of European private investment to Mexico, and was disappointed and panicked when Europe didn't raise up to support his plan.

So he played the only remaining card: the U.S. His message to us was simple and he presented it eloquently, if bluntly, in his first State visit to the U.S. in October 1989. He said, "Mexico can export product to the U.S., or it can export people to the U.S. The choice is yours."

On the US side, not only were we struck by the implied threat of massive illegal immigration from Mexico, we also immediately recognized the advantage that could accrue by making NAFTA the largest trade area in the world. Though little recognized by the American people, Mexico in 1990 was already our third largest trading partner. But if Mexico had its motto "Poor Mexico...", the U.S. had an equivalent on that went something like this "we're willing to do anything for Mexico, except think about it." And of course there was considerable opposition in some sectors, namely organized labor, environmental and human rights organizations. They felt we would be doing business with a corrupt government that didn't respect human rights, didn't have free trade unions and didn't protect the environment, damaging our environmental quality as well as theirs. There was also great fear that open borders would provide a highway for illegal migration and illegal drugs. But protectionism was also a big issue. Who doesn't remember Ross Perot's famous sound bite from the 1992 election "giant sucking sound of jobs going south of the border."

The proponents of NAFTA, like myself, argued that the best way to increase respect for labor standards, environmental protection and human rights was to sign NAFTA and give our government and our private sector some leverage over these issues in Mexico. Eventually, by building constituencies all across America, by getting the President Fast Track authority to negotiate a trade agreement, NAFTA was passed in 1994, and the results are there for all to see. A truly dramatic increase in two way trade benefiting both nations and a path in Mexico which led from an economic opening to political reform and the election of Vicente Fox in 2000 as the first opposition politician elected in 70 years.

So today we debate after 7 years of no new authority for the President in the Congress once more giving President Bush Fast Track authority, this time to negotiate a free trade agreement in all the Americas which will include all the countries of our hemisphere---save one, Cuba. The target date for signing this agreement is 2005.

And once more I find myself thrust into the debate over whether free trade and engagement is the way to promote democracy and human rights and labor standards in a country that sorely lacks them---I speak, of course, of Cuba.

And once again, my answer is an unequivocal yes. By engaging Cuba now we strengthen the hands of the reformers much as NAFTA did in Mexico and so I frequently ask myself the question “If Mexico, why not Cuba?”

As with all other countries in the region and the world I believe free trade with Cuba will lead the way to political and economic reform in that country. Exposure to American people, ideas, capital, goods, and services has been like oxygen spreading across the planet and exposure to all of this would have the same effect in Cuba.

There is however, one enormous difference with the debate over Mexico and NAFTA: this time my position that to open Cuba to trade will open it to reform is not the position of my government. In a speech Monday President Bush reiterated his Administration’s position that the U.S. will not drop its embargo on Cuba, will not drop the travel ban until Cuba makes substantial reform in the economy, in the observance of human rights and in holding free elections.

The position of the Cuban Government is not clear, although all my conversations with high level officials leads me to believe that much like Mexico in 1989, the Cuban Government only has one card to play to avoid economic catastrophe and that is the United States.

You may ask yourself the question why did I get involved in Cuba? Why would a diplomat, a career foreign service officer who served in tough, pro-embargo Republican Administrations decide that the time had come to lift the embargo on Cuba.

It’s simple. A year ago we founded the Cuba Policy Foundation to tell an untold story: that among the majority of Americans who support a change in our policy to Cuba many of us are about as far from the political left as you can get. Che Guevara I’m not. What I am is a person who has always believed that American should have a foreign policy, which is in its best national and economic interest, and this policy is not. You have only to ask yourself the question “is there one company in the United States that would not change its business practice if that practice had been a forty year failure. And as you know I believe free trade is a potent tool to promote political change. Like President Bush I have an abiding faith in the power of the private sector to change society. The only difference between him and me is that I believe that is also true in Cuba.

The other answer to the question of why am I devoting my life to ending the longest running foreign policy failure in American history is more personal---Elian Gonzalez. Two years ago when Elian was returned to his father, he and his family and his classmates from Cuba and their parents stayed with me on the campus of Youth For Understanding International Exchange an international high school exchange program of which I was then the president. While I didn’t put on rose colored glasses about Cuba, it did once again cause me to ask myself why our government policy of engagement and trade which had worked so well in Russia, Vietnam and other places would not work in

Cuba and I came to the conclusion that we had a policy made in Miami, for Miami and not a policy made in Washington, for America.

And I determined to start an organization that would bring the facts to the American people about the cost of that policy.

But Elian didn't just affect my life and views of Cuba: he affected millions of Americans who collectively scratched their heads and asked, "Why do we have that policy?"

And that kicked off a debate for the first time in 40 years about what our Cuba policy should be which was not totally dominated by the hard-line voices in Miami. Jimmy Carter's trip last week reinforced this notion. Jimmy Carter showed that dialogue with the Cuban Government and people is possible and if it is possible, it is imperative.

And so there is now real momentum in both the Senate and the House to consider real legislation to begin to ease the restrictions on trade with Cuba. A bipartisan group, the Cuba Working Group, has been formed in the House and will push for legislation. It won't be easy, but neither was NAFTA and in the end I have great faith in our political system and in the fact that eventually the will of the majority does prevail.

So let's set a goal for the FTAA in 2005—that it truly be an agreement for the Americas and include all the countries of our hemisphere---not all minus one or else we run the risk that 35 minus one = zero. We can't change history, but neither can we change geography. Cuba has enormous potential for the entire region, not just as a market for our good, but also as a source of talented human capital for our industries, medical facilities, and universities.

Let's look for ways to make that vision a reality.

Thank you.