

The Philosophical Society of Texas

PROCEEDINGS

1993



The Philosophical Society of Texas




PROCEEDINGS
OF THE ANNUAL MEETING

AT LAREDO

DECEMBER 3-5, 1993

LVII



AUSTIN
THE PHILOSOPHICAL SOCIETY OF TEXAS

1994



THE PHILOSOPHICAL SOCIETY OF TEXAS FOR THE COLLECTION AND DIFFUSION OF KNOWLEDGE *was founded December 5, 1837, in the Capitol of the Republic of Texas at Houston* by MIRABEAU B. LAMAR, ASHBEL SMITH, THOMAS J. RUSK, WILLIAM H. WHARTON, JOSEPH ROWE, ANGUS MCNEILL, AUGUSTUS C. ALLEN, GEORGE W. BONNELL, JOSEPH BAKER, PATRICK C. JACK, W. FAIRFAX GRAY, JOHN A. WHARTON, DAVID S. KAUFMAN, JAMES COLLINSWORTH, ANSON JONES, LITTLETON FOWLER, A. C. HORTON, I. W. BURTON, EDWARD T. BRANCH, HENRY SMITH, HUGH MCLEOD, THOMAS JEFFERSON CHAMBERS, SAM HOUSTON, R. A. IRION, DAVID G. BURNET, and JOHN BIRDSALL.

The Society was incorporated as a non-profit, educational institution on January 18, 1936, by GEORGE WAVERLY BRIGGS, JAMES QUAYLE DEALEY, HERBERT PICKENS GAMBRELL, SAMUEL WOOD GEISER, LUCIUS MIRABEAU LAMAR III, UMPHREY LEE, CHARLES SHIRLEY POTTS, WILLIAM ALEXANDER RHEA, IRA KENDRICK STEPHENS, AND WILLIAM EMBREY WRATHER. On December 5, 1936, formal reorganization was completed.

The office of the Society is located at 2.306 Sid Richardson Hall, Austin, 78712.

Edited by Ron Tyler, Martin Kohout, and Colleen Kain

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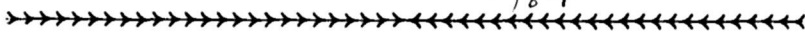
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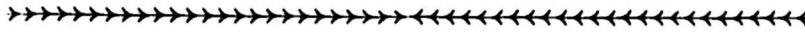
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The Philosophical Society of Texas



One hundred and seventy-six members, spouses, and guests gathered at La Posada Hotel in Laredo on December 3, 4, and 5 for the Society's 156th anniversary meeting. President Robert Krueger had organized a timely and superb program on the North American Free Trade Act (NAFTA), allowing, in the spirit of the occasion, plenty of opportunity to enjoy the many attractions of Laredo and Nuevo Laredo. The Friday reception and dinner was held at Victoria Restaurant in Nuevo Laredo, during which President Krueger introduced twenty-three distinguished Texans as new members of the Society and presented them with their certificates of membership. The new members are: Robert Berdahl; David A. Dean; Dudley R. Dobie, Jr.; Bryan Andrew Garner; George Francis Hamm; Stephen Michael Harrigan; Vester T. Hughes, Jr.; James Lee Kessler; Robert Bruce LaBoon; James Charles Lehrer; Lloyd Lochridge; Gilbert I. Low; Robin Hunt McCorquodale; James C. Martin; J. Sam Moore, Jr.; Tom B. Ramey, Jr.; Ann Richards; Bob Shannon; Charles Porter Storey, Jr.; Frances Brannen Vick; George Whittenburg; Lawrence George Wright; Pauline Butte Dawson Zachry.

Drawing on his extensive experience as former roving ambassador to Mexico, President Krueger had invited a series of distinguished speakers to share their perspectives on NAFTA with the members of the Society during the Saturday program. We paused for lunch at La Posada Hotel. The annual banquet was held that evening at The Executive Club with the Valdez Band playing throughout the evening.

At the annual business meeting, President Krueger announced the names of the eight members of the Society who had died during the past year: J.M. Bennett, Jr.; John R. Brown; John Connally; John Cooper; Joe B. Frantz; William Kilgore; Polycarp Kusch; and Frank Tritico.

First Vice President Steven Weinberg announced that he was considering higher education as the topic for the 1994 meeting, which would be held at the Four Seasons Hotel in Austin on December 2-4.

President Krueger announced that the committee of judges had concluded that the 1993 President's Award would not be given. The Society had offered an award of \$2,000 for the best paper on NAFTA by a senior or graduate student in a Texas college or university.

The following officers were elected for the coming year: Steven Weinberg, president; William H. Crook, first vice-president; Charles C. Sprague, second vice-president; J. Chrys Dougherty, treasurer; and Ron Tyler, secretary.

Following the Sunday morning discussion, President Krueger declared the annual meeting adjourned, to be reconvened on December 2, 1994 in Austin.

ATTENDANCE AT THE 1993 MEETING

Members registered included: Miss Hayes, Hollaman, Lee; Mesdames Barnes, Brinkerhoff, Terry Hershey, McDermott, McCorquodale, Randel, Elspeth Rostow, Vick, Wilhelm, Wilson, Zachry; Messrs. Anderson, Ashby, Barrow, Bash, Bell, Blanton, Caldwell, Cavazos, Crim, Crook, Curtis, Dean, Dick, Dobie, Dougherty, Doyle, Duncan, Farabee, Fehrenbach, Fisher, Galvin, Garrett, Greenhill, Guest, Hamm, Hargrove, Harrigan, Harrison, Harte, J. W. Hershey, Holtzman, Jordan, Kelsey, Kempner, Kessler, Kilgore, King, Kozmetsky, Krueger, LaBoon, LeMaistre, Levin, Lochridge, Lord, Low, Madden, Maguire, Martin, McKnight, Moody, Moore, Murphy, Phillips, Pope, Randall, Reasoner, Walt Rostow, Shilling, Sprague, Staley, Storey, Jr., Storey, Sr., Sutton, Trotti, Tyler, Veninga, Wainerdi, Watkins, Weinberg, Whittenburg, Winfrey, Worsham, Wozencraft, Charles A. Wright, Lawrence Wright, William Wright.

Guests included: Mrs. Thomas Anderson, Mrs. Lynn Ashby, Mr. Charles W. Barnes, Mrs. Thomas Barrow, Mrs. Frank N. Bash, Mrs. Paul G. Bell, Mrs. Jack Blanton, Mrs. Clifton Caldwell, Mrs. Lauro F. Cavazos, Mr. and Mrs. Sam Cavazos, Mrs. William R. Crim, Mrs. William Crook, Mrs. Gregory Curtis, Mrs. Dudley R. Dobie, Mrs. J. Chrys Dougherty, Mrs. Gerry Doyle, Mrs. A. Baker Duncan, Mrs. Ray Farabee, Mrs. T. R. Fehrenbach, Mrs. Joe J. Fisher, Mrs. Joe B. Frantz, Mrs. Charles O. Galvin, Mrs. Jenkins Garrett, Mrs. Joe R. Greenhill, Mr. and Mrs. Humberto Hernandez Haddad, Mrs. George F. Hamm, Mrs. James W. Hargrove, Mrs. Steve Harrigan, Mrs. Frank Harrison, Mrs. Edward Harte, Mrs. Wayne H. Holtzman, Ambassador and Mrs. James R. Jones, Mrs. Bryce Jordan, Mrs. Harris L. Kempner, Mrs. James Kessler, Mrs. Dan Kilgore, Miss Margaret Randel Koons, Mrs. George Kozmetsky, Mrs. Robert Krueger, Mrs. R. Bruce LaBoon, Mr. Adrian Lajous, Miss Thea Lee, Mrs. William Levin, Mrs. Lloyd Lochridge, Mrs. W. Grogan Lord, Mrs. Jack R. Maguire, Mrs. Dan Moody, Mrs. J. Sam Moore, Mr. M. Ray Perryman, Mrs. Edmund L. Pincoffs, Mrs. Jack Pope, Mr. and Mrs. Boone Powell, Mrs. Risher Randall, Mrs. Harry Reasoner, Mrs. Sue Rose, Miss Josephine Shanks, Mrs. Roy B. Shilling, Mrs. Charles A. Sprague, Mrs. Thomas F. Staley, Mrs. C. Porter Storey, Jr., Mrs. Charles Storey, Sr., Mrs. John F. Sutton, Mr. and Mrs. Robert Trotter, Mrs. Robert S. Trotti, Mr. Ross Vick, Jr., Mr. and Mrs. Ross Vick III, Mr. and Mrs. Pat Vick, Mrs. Steven Weinberg, Mr. and Mrs. C. G. Whitten, Mrs. George Whittenburg, Mr. Wallace S. Wilson, Mrs. Anne Fisher Winslow, Mrs. Joseph Irion Worsham, Mrs. Frank M. Wozencraft, Sr., Mr. Frank M. Wozencraft, Jr., Mrs. Charles A. Wright, Mrs. Lawrence A. Wright, Mrs. William P. Wright, Mrs. Mary P. Williams

WELCOME AND INTRODUCTION

ROBERT KRUEGER

GOOD MORNING. WE'RE DELIGHTED TO HAVE YOU ALL HERE THIS MORNING, AND, as one who, in December of last year announced that the topic a year hence would be the North American Free Trade Agreement, you have a very *relieved* president: relieved that Congress recently approved the Agreement. I must say there were a number of occasions along the way in which I thought, I hope the vote is for it. Yet, one of the reasons that the topic became "U.S.A., Texas, and Mexico: With NAFTA or Without," is that we did want to cover a variety of alternatives.

Former President Carter said a couple of months ago when he was in Washington for the signing of the Palestinian and Israeli peace accord, that he considered the North American Free Trade Agreement to be as important as the signing of the Palestinian-Israeli peace accords, and as important as the Camp David accords, which certainly are a keystone to his own administration.

I was told when I was in Washington a couple of weeks ago by Frank Moore, who was former President Carter's Congressional liaison, that during the course of the Democratic primary a year ago, President Carter called Bill Clinton on only one occasion. But he called Bill Clinton when he had heard that Bill Clinton might be under pressure to come out against the North American Free Trade Agreement. He spent an hour on the phone talking to Clinton trying to convince him that the North American Free Trade Agreement was of major importance to this country's future.

I mention that because if any state is affected by the North American Free Trade Agreement, it's the state that exports 44 percent of United States goods to Mexico, and that is the state of Texas. If any cities are affected by the North American Free Trade Agreement and the movement of commerce, they are the cities we call Los Dos Laredos, which have approximately half of all the commercial traffic between our two countries. And if any individual is particularly appropriate for a keynote address on the North American Free Trade Agreement, it's our United States ambassador to Mexico, Jim Jones.

Jim Jones has a very distinguished record in many areas. He served as appointments secretary and in other positions in Lyndon Johnson's White House. After serving with President Johnson, he was elected in 1972 as a Congressman from Oklahoma. In Congress, he served in a variety of positions as deputy majority whip, as chairman of the House Budget Committee, and chairman of a subcommittee on Social Security. He was head of the U.S.-Japan Trade Task Force. When he left the House in 1986, he practiced law and then rather quickly became head of the American Stock Exchange.

He has served on the boards of a number of American corporations. He was sworn in as ambassador in August of this year. He brings very broad experience with trade, with commerce, with international business, with government, and with Mexico to his task as ambassador and his new responsibilities there. And I feel particularly fortunate to introduce someone who is not only a person of broad experience, but someone whom I have known personally to be a person of great integrity, who had immense respect from his colleagues in the House. He's a person whom we can all be proud of, and we are very proud to have him here today to speak to the Philosophical Society. Ambassador Jones.

KEYNOTE ADDRESS

JAMES R. JONES

THANK YOU VERY MUCH, BOB, FOR THAT GENEROUS INTRODUCTION. YOU LEFT out only one of my more important achievements: I was also once a notary public and I want to get that on record. I am delighted to be here with the leadership of the state of Texas, and to participate in such a timely topic.

Last night I had the pleasure of seeing a number of longtime friends that I had not seen in twenty-five years or so, some of whom are former colleagues like Walt and Elspeth Rostow, with whom I served at the White House; and Bill Crook, who was ambassador in the Johnson Administration days; and Frank and Shirley Wozencraft, who served so ably at the Justice Department; and Tom and Muffy Staley, who are now Texans but, when Olivia and I moved back to Tulsa after leaving the White House, were among the first volunteers who helped us get elected to Congress. And so it's been an old home week for Olivia and me in many respects. We're delighted to be here.

Also, as an almost three-month-old ambassador to Mexico, I was glad of an opportunity to visit the largest inland port in the United States and to see what goes on in Laredo-Nuevo Laredo and how our consulate office is operating here. So, for all these reasons, Bob, I appreciate very much the invitation to participate and to spend the rest of the day and tomorrow morning with you to learn about this new relationship between Mexico and the United States.

When Bob called and gave me the topic, a number of things jumped out at me. As an Oklahoman, I have a certain perspective about Texas, but since the topic was "U.S.A, Texas and Mexico: With NAFTA or Without," it put in perspective Texas's place in the world order. And secondly, I thought there were only two speeches I could give today. One was to talk about the greatest foreign policy blunder the United States will have made in this decade if NAFTA went down, and the other was to talk about what we are entering at the embassy in Mexico, and that is the constructive phase of building one of the richest and most important bilateral relationships, building one of the most important and clearly the largest free-trade economic zone in the entire world. And that's what I'd like to talk about today: my view of Mexico today, and what we're trying to do at the embassy to make sure that the North American Free Trade Agreement is a success.

First of all, my first trip to Mexico was twenty-eight years ago, when I was a twenty-five-year-old, recently graduated lawyer who found myself at the White House on President Johnson's staff. And about two months into that, he called me down to the LBJ Ranch and said that he wanted to make his first foreign trip as president to Mexico, and to go down and set it up. Over the

past twenty-eight years, I have been going to Mexico except during the de la Madrid years. But, over that twenty-eight-year period, I have had a lot of contact in Mexico, both in the context of political issues when I was in the realm of politics, and in the last four years as chairman of the American Stock Exchange where we made one of our strategic initiatives an outreach to Mexico, Chile, and Argentina. I spent a lot of time over the last four years in Mexico on business.

And what has happened roughly during that period is truly revolutionary in many respects, and it's that period that I'd like to talk about this morning.

First of all the economic reforms have been truly phenomenal. In trade, for example, a decade ago, you virtually could not export your product into Mexico without getting an import license. A huge paperwork, bureaucratic backlog made it very difficult to do business in Mexico.

Secondly, many of the tariffs in Mexico a decade ago were at 200 percent, with average tariffs in six digits. And so the combination of 100 to 200 percent tariffs on your product, plus an import license requirement that backlogged for a long period of time, meant that Mexico was one of the most protected economies in the world, including many behind the then-Iron Curtain.

What has changed since then has truly been dramatic. Beginning in 1986, under the de la Madrid administration, when Mexico became a member of GATT (the General Agreement on Trade Tariffs and Trade) the maximum allowed tariff would be 50 percent. And since then, especially in the Salinas administration, Mexico has unilaterally brought those tariffs down to where the top ones are about 20 percent, and on a trade-weighted average, imports carry tariffs of about 10 percent or less. And that was done unilaterally.

It's had a tremendous impact. First of all, U.S.-Mexican bilateral trade has more than doubled in the last five-year period. From the United States producers' point of view, we went from roughly a \$5 billion deficit in our bilateral trade with Mexico five years ago to almost a \$6 billion surplus today. From a consumer's point of view, in Mexico, the prices have come down and the variety of products has substantially increased. And the fact that imports have been allowed to come into Mexico has played a very important role in lowering inflation, which I will get to in just a minute. So from a trade point of view, it's been a dramatic reform and a dramatic change.

Another major change is the role of the state in the economy. Ten years ago, the government had a very dominant role in all parts of economic activity, starting with ownership. Ten years ago, the Mexican government owned 1,155 businesses in Mexico, including hotels, resorts, television stations, bars, telephone companies, banks, airlines, etc. Today, the state

owns fewer than two hundred. Mexico has privatized those businesses. It brought in outside investment banks and raised something like \$22 billion selling off these state enterprises, and instead of applying that money to current operating expenses, it went primarily into paying off debt, and relieving that part of inflationary pressures.

Also, it reduced their operating expenses. Since many of these 1,155 companies were taken over by the state because they were in a deficit position, they were losing money anyway. So the state took them over, and the state, instead of turning them around, basically lost more money. And so the annual operating budget of running those companies had been reduced considerably.

So that is another major reform. They've gone from an attitude that the state should have a dominant role in economic activity to backing off and saying the state should get out of that business. It also had an interesting side effect, parenthetically. There has been much criticism in the past about Mexican news media being controlled by the government. Subtly, there was a significant amount of control. And one of those controls was that a newspaper, for example, had to get the paper on which it prints its news by going through the government. Well, when the government got out of the business of a) import licenses and b) ownership of companies, the newspapers just contracted directly with the paper companies in Canada, the United States, or wherever, and didn't have to go through that subtle censorship of getting approval to get paper to print their news. So it's had a number of very positive side effects.

A third area of economic reform has been in infrastructure. Those of you who have had a long history with Mexico know that the infrastructure there has been as bad as you will find in any third-world country anywhere. The joke that I read when I was doing business in Mexico before was, "Not only did the Gringos steal half of Mexico, but they stole the half with paved roads." That wasn't exactly a joke, because the roads were horrible. The other parts of the infrastructure clearly did not support the kind of modern society and economy that this administration wanted.

Well, in the last five years, they have opened twenty five hundred miles of divided modern highways, which is a faster pace, incidentally, than we did when building our own interstate highway system. How did they do this in a context of trying to pay down debt and get out of the huge debt problem they had at the beginning of the eighties? Well, they did it without government. Basically, it's a private initiative, whereby private entrepreneurs, in return for a license, put up the money, built the roads, took the risks, and reaped the rewards. And so you have toll roads connecting major parts of Mexico, some of which are quite successful; entrepreneurs are making

money off them. Some of them are not so successful, and entrepreneurs are losing money. But that is one of the ways that they're using private initiative to rebuild their infrastructure.

They're doing the same thing with airports. The Mexico City airport has doubled in size in the last five years, as the result of giving concessions to private operators, and they're about to do the same thing with their ports and with their railroads. This approach of using the private sector has created a dramatic change in rebuilding and modernizing their infrastructure.

And, finally, in economic reforms, as a former budget committee chairman, I have to look with awe on what they've done in their fiscal and monetary policy. Five years ago, Mexico ran a deficit of 15 percent of their gross domestic product. In 1992, they turned that around and had a surplus. This year they had their second year of surplus equal to 1 percent of their GDP, and their budget next year calls for a balanced budget. In that same period of time, inflation dropped from almost 200 percent five years ago to 7½ percent this year. Next year it's projected at 5 percent.

There has been a significant turnaround in tax policy. Five, six, seven years ago, they had one of the highest tax rates and one of the lowest collection rates of any place in the world. They lowered their taxes from roughly 60 percent to around 35 percent. They increased the enforcement and the collections, with about 10 percent of the returns audited. I think from the Mexican revolution to the beginning of the Salinas administration, there had been about three tax cases brought. Under Secretary Aspe, the finance minister, there have been about four hundred tax enforcement cases and people were put in jail, including one of Secretary Aspe's childhood friends, who couldn't believe that they were actually going to collect the taxes. And their tax revenues have increased dramatically, so they're getting more money with a lower tax rate.

Monetary policy. In the past, the finance secretary, being in charge both of fiscal and monetary policy, could print more money if they ran into hard times. They manipulated the monetary system to meet their political needs. Well, they will soon be inaugurating an independent central bank, similar to our own Federal Reserve system. It will truly have independence and will be able to be the guard against that most deadly of taxes, namely inflation. And that's going to be perhaps the major accomplishment of the Salinas government, at least in terms of statutory economic changes.

So, all of those things, coupled with a new foreign investment law that's now pending before their parliament, are dramatic economic reforms that have occurred principally in the last five to ten years and make Mexico a much different country than I saw when I first went there twenty-eight years ago.

All this has led also to political reforms. In the NAFTA debate, which oftentimes resembles a Lewis Carroll fairy tale rather than a factual discourse, we heard so much about the political corruption in Mexico. They cited many things that were true at one point in time. But it was as if many of my former colleagues in Congress had not seen Mexico except through thirty-year-old Anthony Quinn movies. What has changed in the political atmosphere, again, may not be everything we want—in some cases, it's better than what I grew up with in eastern Oklahoma—but in terms of political reform and advancement, it has been dramatic turnaround.

We have an election year coming up next year and I think, at least in the twenty eight years I've been observing, this will be one of the most contested and one of the most professionally run political campaigns in Mexico. Now is that to say that the opposition party is going to win or have a good chance to win? Well, as of now, the answer would be "no" to that. Because, number one, you have a government represented by the dominant party, the PRI, that is very, very popular. It is one of the first governments in the sixth year of its administration that basically has delivered all the things that it said it was going to do. The popularity ratings of President Salinas are sky-high, in the seventy-plus percentile, and usually at this point in a presidential term, the sixth year, the president is very unpopular. That popularity will spill over to help his party's candidate for president, Colosio, who is also very popular, and who has taken on two big issues that are growing in political importance. Number one, the environmental cleanup was under his jurisdiction, and number two is something called "solidaridad," which has brought improvements at the neighborhood level and the remote village level all across Mexico. And so, if everything else is equal, the PRI party should win. The only way I would see it not winning is if the two dominant opposition parties, the PRD and the PAN, were to somehow form a coalition and make it a close race. That looks very, very improbable.

In any event, it's going to be a very contested and a very professional campaign. I met with Mr. Cárdenas and will next week be meeting with Mr. Fernández—these are the presidential candidates of the two main opposition parties. The one thing that I think is clear is that Mexico is not turning back. No matter who wins, they are not turning back. For example, in meeting with Mr. Cárdenas, I asked him to tell me what his complaints with NAFTA were—he had made some statements in the press. Essentially, his answer was that he would not undo NAFTA. He wants to see how NAFTA affects the people of Mexico. If there is an opening to change it, that will become a political issue, but the basic substance of NAFTA would not be changed if Mr. Cárdenas, for example, were elected. On privatization, he wouldn't turn the clock back. Ironically, his father was the president of Mexico in the

1930s who nationalized the oil industry and did a number of other things that took a populist, more leftist, government approach. Cárdenas, the son, running for president, said that he would privatize part of the energy industry in Mexico. So it is a change in attitude that is truly dramatic.

In political reform, we have to recognize that they have made some giant strides forward. For example, they have a new law on elections. They have a new, essentially fraud-proof, voting card. It cost about a billion dollars. Every voter carries this voting card with his or her picture on it. It runs through the computer that matches voting lists. Eastman Kodak and IBM, incidentally, were the ones who delivered that. It is as tamper-proof a voting card and as modern a voting system as you will probably find anywhere in the world. Does that mean that there will be no fraud? Probably not. In order to make sure you have pure elections, you have to have opposition parties that are organized right down to the grassroots, precinct level. And even though you have two major opposition parties, they are national in scope. So I doubt seriously that you're going to see opposition party pollwatchers at the precinct level all across the country. So, undoubtedly, there will be some stories about voting irregularities in Mexico, etc. But the point is, it will be a dramatic improvement over some of the things that have happened in the past. That, plus another law which basically guarantees the minority, or the opposition, a third of the parliament, is going to make politics a lot more interesting in the future. It's going to be a very interesting year. I do think the political reforms are following the economic reforms rather closely and very dramatically.

The other thing that I find a major difference, the most important difference of all, and perhaps the most important contribution of President Salinas and his government, is the great change in attitude among the Mexican people. For example, NAFTA. Ten years ago, if a poll had been taken in Mexico about whether "we want to tear down all the tariff barriers and non-tariff barriers and compete head-to-head with that colossal giant to the north, the United States," I'll bet you wouldn't have seen 10 percent of the Mexican people vote for it. The latest poll I saw showed that 65 percent of Mexicans support NAFTA. Now that may not sound overwhelming, but that is a major change in attitude.

Secondly, the attitude of average Mexicans, business Mexicans, political Mexicans, about the United States has changed significantly. Consider that the textbooks in Mexico, from grade one on, basically told young Mexicans that the United States stole half their country. The fact is, if you're brought up believing that someone else, this giant to your north, has done you wrong for a long period of time, you will have a certain attitude about dealing with that giant from the north. That attitude has changed, I think, dramatically. I

see it in the political leadership. And if I may generalize and simplify, when I first went to Mexico, Mexican political leadership, to get elected, would basically say, "we're the greatest or we'd be the greatest if it wasn't for that giant to the north holding us down." One of the great changes of the Salinas period is a very honest appraisal of where they are, saying "we're not the greatest, we aspire to be the greatest, and we have to do it ourselves, and we have to compete in a modern world." He brought about a very major attitude change in the political context in Mexico.

In my judgment, another major change in political leadership, is that there were a lot of promises before, but very little delivery. And what has happened now is delivery on the promises. I mentioned the solidarity program. There are 150,000 committees at the neighborhood and village level all over Mexico who identify what they need to improve their neighborhood or their village. These local committees have to put in either money or labor to get money from the federal or state government, to make sure those projects develop and are implemented. Solidarity consists of water and sewer projects, potable water projects, those kinds of projects, all over the country. And ribbons are being cut virtually every week, with President Salinas going out every Thursday and Friday all over the country, meeting the people, and cutting the ribbons and starting those projects. At least from a foreigner's point of view, this is a difference in political follow-through from what I encountered when I first went there.

Ten years ago, business leaders were clamoring to the government, "protect me, keep me safe from unfair and too rigorous competition." All over Mexico now, business leaders are saying "let us get going, let us compete, let us do joint ventures, let us get investment, let us get into the markets." That inherent sense of pride in Mexico that's historic is being coupled with a new sense of drive to be truly a first-world country. That attitude change is the biggest difference I have seen.

In short, I'm very enthusiastic about Mexico. To those in Congress who left the impression that Mexico is not a reliable partner, I say it's the kind of partner that we can build a very strong and stable relationship with. At the embassy, in my first meeting with the country team outlining our goals, I said, "the number one goal is to advance the commercial interests of U.S. business in Mexico, giving the priority to those businesses and commercial activity that build jobs back in the United States." If we do that job well and really enhance the commercial relationship, all the other goals, interdicting narco trafficking, cleaning up the environment, helping workers rights, advancing the cause of democracy, migration, all of those other goals then become manageable. We're organized to help U.S. companies do market surveys, we do verification of joint venture partners, we will go with our

companies to government agencies or to other businesses to help them sell their product, their services, get their investment, because we think that is the number-one goal.

We also believe, as I've said many times before I ever thought about being an ambassador there, that Mexico is key to our foreign policy and economic policy future, especially in Latin America. Mexico is the lens through which the rest of Latin America sees us and the door through which we enter the rest of Latin America, indeed, the entire third world. Our goal is to make it work in Mexico and to help open that door to Latin America.

This week, when Vice President Gore was there to deliver a major economic speech, he touched on two basic themes. One was to celebrate this new relationship between Mexico and the United States, but number two was to say that this was the beginning of the United States wanting to be partners with the rest of the hemisphere. His call for a hemispheric summit next year in the United States for all democratically-elected leaders of the hemisphere would advance that commercial-economic-political relationship as a keystone of our foreign policy.

We in the Embassy believe that if we make the commercial relationship work in Mexico, despite the resistance from the business and government bureaucracies in both countries, if we can pry open those markets, break down those barriers, and make it work there, we will have made a very important contribution to cementing the leadership of the United States in the rest of the developing world. And if we do that, I think it will trigger the rest of the industrial world to lower their barriers in the new century and we will enter a true era of open, free-trading regimes that will help raise the economies of all the peoples of this globe. And we will have made a very positive contribution to improving the standard of living of everyone. Thank you very much.

Krueger: I know we all thank Jim Jones very much for that very sweeping overview of the relations between our countries and, so that I will not take too much time, let us go ahead and have about fifteen minutes for questions, then we'll have a coffee break. And even though we are starting about ten minutes late, I would like to start the next section, if we could, on time because our first speaker, Ray Perryman, needs to leave in order to catch a plane at some point. And he will go first, and I don't want to start him late. But you've got Ambassador Jones.

Holtzman: Your concise and clear accounting of what is happening in Mexico was indeed impressive, Ambassador Jones. And in your unique position as an ambassador, I would be fascinated by your opinions on Colosio, who's coming in. Many of us who have watched Mexico for years

have been fascinated by the presidential success and the role of the president. De la Madrid didn't go down in flames the way his predecessor did, or the one before that. Was he responsible for bringing in Salinas, hand-picked? Is Salinas responsible for bringing in Colosio? Or is this really surface material on top of a lot of consensus building in other things? And where are we going with Colosio coming in?

Jones: Very good question. And let me state at the outset that the ambassador of the United States government will have nothing to do in the intervention of Mexican politics whatsoever, because that is a very sensitive issue, and I don't want to leave any impression to the contrary. As I have told Mr. Cárdenas as well as those in the PRI, we will not intervene but we will report it as we see it, because we think that's important to the development of policy in the United States.

First of all, Mr. Colosio was one of the few cabinet members with whom I did not have some dealings with going to Mexico. I've come to know him in the last three months, and I like him a lot. I think he's very smart, I think he has the same attitude toward public service that basically brought me into public service in the Kennedy era when I was in college, to really try to improve the lot of the people of Mexico. He was educated in Mexico, mostly through scholarships and, through scholarships, received his masters from the University of Pennsylvania. He is a very good politician. He is a former senator. He was the president of the PRI. He ran President Salinas's campaign. He was the campaign manager in 1988. And he was brought in to run SEDESOL, which is a very large social agency with two principal responsibilities that are important in Mexico and to us: the environmental responsibilities and this *solidaridad* program. He has run that very well. And so I think, both politically and substantively, he will be a very good candidate, and if he's elected, would be the kind of president that President Salinas has been.

In terms of the selection process, that is one of the election campaign issues that the opposition party will use; that it's not an open process, that it still harkens back to the old days, that the incumbent president basically selects his successor to extend his own in the next government. While there is never any official knowledge of how it's done, I think it's fair to say that the presidency in Mexico is extremely strong and that the president is the dominant force in political decisions that are made there.

Will it change in the future? One person whom I will not identify, but who is in the government, believes that this probably will be the last time the PRI party will select their president by this method. There is a lot of feeling among political leaders that I've talked to that the process will change six

years from now. There is also a lot of opinion I pick up in talking to political leaders in both the PRI and other parties that the next six years will see a major shifting of the political party structure in Mexico—that what exists as coalitions today may fold into new party structures that will substantially change the way they do their politics.

Will that happen or not? That depends on a lot of factors. It depends on the continued success of the government, if the PRI candidate Colosio wins, his performance. One of the factors, incidentally, that made it such a close election in 1988, when Salinas was elected by very close margin, was the fact that de la Madrid, the previous president who basically selected Salinas, set the foundation for what the Salinas government was able to push through. Setting that foundation, it created a lot of dislocations in the Mexican economy. When you start privatizing companies and they're no longer a place to load up former political people, when you start making them efficient, you dislocate people, you lay people off. The other factor was the high living from the oil days. When the bottom fell out of oil in the early '80s, the de la Madrid government took the brunt of those dislocations, of huge debt, inflation, and all the other factors. So, while de la Madrid drew the brunt of the criticism, and that spilled over, affecting his choice for successor, Salinas, I think history is going to look very kindly on that administration for setting the stage for a truly modern Mexico.

But all those factors combined could change what I just said. All I'm telling you is what I've picked up from political people I talk to around Mexico.

Crook: You spoke of changes in attitude in Mexico, Ambassador. What are some of the changes in attitude that are necessary on our side of the river?

Jones: Well, I think that there are a lot of changes in attitude in that will be necessary the United States, but probably less so in Texas than anywhere else. I've really got to commend your governor, Ann Richards. I've seen her in Mexico operating, selling Texas products in Mexico. She is the nearest thing I've seen to Lyndon Johnson when it comes to selling a product. She really does it well. But, that whole relationship is going well. It is bipartisan. I was in Dallas for a speech earlier this week. Steve Bartlett, the mayor of Dallas, and the Chamber, have done a similar thing. Texas has really set the foundation for a good commercial and political relationship with Mexico. I think a lot of changes need to be made in attitude in other parts of the United States. There needs to be a certain change in attitude in organized labor as to what it is they need to do to be competitive in the next century. I've made this criticism to my friends in labor, and labor supported me consistently

when I was in Congress. So it's not saying it against an enemy, it's a friend. I think they, like many large institutions, often find themselves fighting the last war, instead of trying to prevent the next war. They really ought to be putting their attention to organizing a lot of the white collar areas. There, it's not salaries, but it's conditions that are more important. They ought to be putting maximum effort in education and training and really revising and revitalizing job training programs and education programs geared toward the global competition of the next century. Those kinds of attitude changes, I think, are very, very important. In the financial services area, I don't think we have a whole lot of changes that need to be made. They have been sort of a step ahead in the global market concept. But politically, in the Congress, I think there need to be an awful lot of attitude changes. Those of you who criticize junketing, I hope you won't do that, because I think it is very broadening for a member of Congress, even those who may not have the highest IQ, to just go and be and see and feel and understand that we are living in a global village, that not everybody is like those of us in Austin, Texas, or Tulsa, Oklahoma, or wherever, and that we're going to have to learn to live with them, do business with them, deal with them, and respect them. I think we need to broaden the outlook of a lot of members of Congress.

Krueger: This is Consul General Hernandez, and this will be the last question we will have a chance for now, but keep in mind that Ambassador Jones is going to be with us for some time.

Hernandez: Well, this is not a question, this is just a request for Mr. Ambassador. Will you please, Ambassador Jones, elaborate about this great initiative Vice President Gore has just announced in Mexico City this week on behalf of President Clinton to call for continental summit with all democratic elected political leaders.

Jones: Well, there's not a whole lot to elaborate on. His speech was not intended to give every delineating point, but to expose the concept. First of all, the agreement in the two private meetings with President Salinas was that the five commissions, the three trilateral commissions on NAFTA, the environment, and labor, and the two bilateral commissions on the development bank and the border environmental cleanup effort, that all of those would get off to a very fast start in early January. They would meet, they would organize, they would get down to business, set their goals, and start implementing. President Salinas and his team quickly agreed that that was the thing to do. So, on the bilateral and trilateral relationship, that worked out very well. And Mr. Chretien talked both to President Clinton and to

President Salinas in the last two days. That's moved forward. Canada's done its implementing and so there's agreement there. On the broader basis, the United States has had for far too long the wrong attitude toward the hemisphere. It's been a proprietary or paternal relationship rather than a partnership. And Vice President Gore made it very clear that our future relationship will be a partnership, with mutual respect, and that we need to move forward rapidly to expand the concept of North American Free Trade to the hemisphere. As Bill Crook pointed out, we have a certain amount of time in this country to heal some of the wounds that occurred during the NAFTA debate and to bring back some of the constituencies of our own party and to think globally and to think positively. To go down and say we're going to expand NAFTA to the rest of the hemisphere tomorrow would not have been the right political thing. But the concept of having a summit next year is one that President Salinas agreed is the right thing to do. He issued a communique from Los Pinos to endorse that. I would suspect that by next summer that hemisphere summit will be held. A lot of planning will go into it and we will be looking at the broad, foreign policy aspect of it. I am very excited about the future of it. Thank you very much. I look forward to visiting with you.

Krueger: We've got time now for coffee, but, as I say, I would like us to try to start again at 10:00. And I realize that that's early, but our first speaker, Mr. Perryman, does have a plane to catch. Thank you.

ECONOMIC IMPACT

ROBERT KRUEGER

WE'RE READY NOW FOR THE PANEL ON ECONOMIC IMPACT TO BEGIN. LET ME observe the addition to your program. Professor Rudi Dornbusch sent me a fax on Monday of this week, cancelling, saying he had to go to Brazil. So, at very short notice, we were able, fortunately, to get Joe McKinney, who is Ben Williams Professor of Economics at Baylor and who has testified before the House Ways and Means Committee on the North American Free Trade Agreement; who has written on free trade; who is extremely involved in many ways. He co-directed a study entitled "Free Trade in the United States and Mexico Borderlands." And, at extremely short notice, he agreed to serve as moderator of the panel, for which we are very, very grateful. Such are the vagaries of conferences that I learned yesterday from the hotel that Ms. Lustig had cancelled her room. And when I phoned to find out whether she was planning to stay elsewhere, I found that she was ill and would not be here, so we will have three panelists, rather than four. But we still have, fortunately, a diversity of viewpoint and a very distinguished panel. And I will now turn it over to Professor Joe McKinney.

JOE MCKINNEY

THANK YOU, SENATOR KRUEGER. I REGRET VERY MUCH THAT RUDI DORNBUSCH had to cancel. He is, indeed, one of the preeminent economists of our day and age. Also, Nora Lustig has done a lot of important work related to the North American Free Trade Agreement. So it is unfortunate that they couldn't be here, but, at the same time, I'm happy to fill in as best I can, and we will have an interesting session this morning.

We had planned to have each of the panelists make about a twenty minute presentation, and then have about forty minutes for questions and answers. However, in view of Ray Perryman's need to catch a plane, I'm going to change our format a bit, have him make his presentation and then entertain questions just after that. Otherwise, you would not have a chance to ask Ray questions, and I know you'll want to do that.

Let me introduce Ray Perryman to you. Ray Perryman is president of Perryman Consultants, a large economic consulting firm which is headquartered in Waco, Texas, but also has offices in Dallas, Houston, and Washington, D.C. Dr. Perryman received his B.A. in mathematics at Baylor University and his Ph.D. in economics at Rice University. He has written extensively on economic matters and is the recipient of numerous honors, both here and in other countries. Rather than take additional time introducing him, I'm going to call on him now to begin his remarks.

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RAY PERRYMAN

THANKS VERY MUCH, JOE. IT'S INDEED A PLEASURE TO BE HERE TODAY. I HAD A little bit of a mishap; you almost had a two-person presentation. The difficulty when your office is in Waco and you go other places is that you have to get there. I drove to Dallas last night to catch the American Eagle flight down here to Laredo, only to discover at 7:00 that it had been canceled. After doing quite a bit of checking around with airlines, I discovered the only way you can get from Dallas to Laredo—if you start at 8:00 at night, and you have to be there at 10:00 in the morning—is in a car. So I arrived at 4:30 this morning, and understand I missed some very good festivities last night that I would have liked to have been a part of. That's professionally been a problem for me working in Waco.

I'm looking at so many friendly people I have respected and known all my life. I think I'm the only person here I've never heard of . . . As many of you know, I'm married to the mayor of Odessa and having my office in Waco makes for some interesting situations. She likes for me to tell people I'm from Odessa, but given what happened with the Branch Davidians this year, Waco's funnier, so I have to be from Waco. Even though I do work there, and my birthday's Christmas day, I still don't claim to be anybody else, okay. Let's get that straight right away.

The reason I usually drive instead of fly to Dallas (because you can fly to Dallas from Waco) is because of our good, faithful American Eagle. We call it the airline that put the thrill back in flying. I was going out to the airport one day, back in the early 1980s, right after the price of oil had cratered. I was headed to McAllen to give a speech; that was before the big trade boom with Mexico. The unemployment rate was about 22 percent, and the peso devaluation was going on. Many of you remember those times very well.

I was headed out to the airport to catch a flight on the American Eagle. I don't know if you know or not, but Waco is right in the heart of the Interstate 35 Corridor. We just have so much growth, we can't stand it, and this particular day I got caught in the rush minute—our traffic we have every day. As normally happens when you're in a hurry, you're going a little bit too fast. Well, I looked up and I saw these red and blue lights blinking behind me that weren't mine. So, I pulled over and I got out of my car. The policeman got out of his car, and he looked at my car, and he said, "Well, it's black." I said, "Yes sir, it's a black car." And he said, "And it's small." And I said, "Yes, sir, it's small; it only seats two people." He said, "It just doesn't look like a fire engine to me." Then the policeman said, "Where are you going anyway?" And I said, "Well, I have to fly to Dallas so I can fly to McAllen." And he said, "Well, why are you going to McAllen?" And I said, "Well, I'm

going to give a speech." And he said, "What are you going to give a speech about?" And I said, "The economy." He said, "Now let me get this straight. You're going to the Lower Rio Grande Valley to give a speech about the economy." I said, "Yes, sir." And he said, "You know, those folks are almost in as much trouble as you are right now." But he finally let me go. I got to the Waco airport, dashed up to the counter, and said, "Listen, I've got to get to Dallas in the worst way." And they said, "Well, congratulations, you just found it."

I got on the plane, we got out on the runway, and I think, okay, everything's going to be okay. But all of a sudden, the plane starts making a really loud noise, and when that happens, you like for the pilot to come on the microphone and say something reassuring to you. But this little plane didn't have a microphone, but he did stick his head back and he said, "Listen, this thing's absolutely unsafe. We cannot possibly fly. We're going to take it back in, and we'll have to get another plane. You'll be delayed for two or three hours." Well, at that point in time, given that schedule, driving to McAllen was not an option. I couldn't get there in time, and so I was pacing up and down, calling my office, trying to figure out what to do. About three minutes later, they announced we could board. I walked up to the flight attendant and I said, "Listen, I want to compliment you. I've made fun of this airline in the past, but I'll never do that again." I said, "Three minutes ago, the pilot said this plane was absolutely unsafe to fly, and now we're taking off. How did you do it?" She said, "We found another pilot." So, given all of that, driving wasn't half bad.

I would like to say there is a reason that Joe, Bob, and I have mentioned two or three times the fact I have to catch a plane. It is the most widely publicized thing in Laredo today, and I'd like to say it was for some noble thing I'm doing to better the cause of mankind. But the truth of the matter is, my wife is the grand marshal of the Christmas parade in Odessa tonight, so I kind of have a command performance to sit on the float and give it the wave. Okay? So, that's why I have to catch this plane. If it were something grand and noble, I could probably put it off.

Bob asked me talk a little bit about the Free Trade Agreement. We have done a number of studies on the agreement, have done a lot of testimony literally all over the country about the agreement, and have worked very hard in support of the Agreement. One of the big issues is economic impact. Obviously, Thea and I have differing views on this, and I have to leave before she finishes, so she'll get the last word on this, but I think it's a very good agreement. It's not a perfect agreement. As I read through the treaty, there's probably not a page on which I wouldn't like to scratch out a word or two and change something a little bit here and there if I could. However, given the diverse cultures of the three countries and how far we've come in such

a short period of time to blend these economies and make them more efficient and competitive globally, I'm convinced that the agreement itself is a remarkable achievement.

I think most of the studies, including my own, underestimate the positive economic impacts of this agreement. My analysis put out about the biggest numbers anybody put out, but I think even those underestimate the agreement. The first thing that we said was that the impact on Texas, typically publicized as \$15 billion at the time, is now \$18 billion. We've had another year of data, so it's almost \$19 billion; the impact on the state of Texas is a couple of hundred thousand jobs. A lot of people have come up with those numbers, because they're not too hard to arrive at. We came to say it's more like \$75 billion and 800,000 jobs. So we multiply everything by four or five; when you do that, you get people's attention.

The way we got there was very simple. The \$15 or \$18 billion is all merchandise trade with Mexico. That's the official Department of Commerce statistics showing how much in measured goods that Mexico buys from Texas. That's all that is.

Mexico also purchases a lot of services. In addition, retail trade is big in this area and in the other major border regions. When you add all that in there, you're already at over \$25 billion. And, again, that's just the direct dollars that come in from Mexico to the state of Texas. We then looked at all of the spinoff activity that comes from that, considered it industry by industry for three or four hundred industries in detail, and did all kinds of work to come up with a multiplier. It was as low as 1.1 in some industries and as high as 5 or 6 in others, but when we averaged it all out, it came out to about 3, and takes your \$25 billion to \$75 billion very quickly. And it also takes the job impacts far beyond what's typically reported.

And that is the impact today. That's not the impact that occurs after the agreement's enacted. That's the impact that we have today. There is a huge trade surplus between Texas and Mexico. It is by far our largest trading partner, and, in all honesty, as everyone pointed out in the debate, Texas gets the biggest economic benefits from this, but not the only economic benefits. Our analysis showed that at least forty-six states will get net positive economic benefits from this agreement. And it spreads everywhere.

For example, one of the things we uncovered in looking at the study is the idea is that the biggest beneficiaries are the people right here on the border. There's a lot of benefit here, no question about that. There are also some issues that change the dynamics and lead to some negatives as well, but, on the balance, it's clearly very positive. For instance, much of the retail trade that comes up from northern Mexico now comes here because this is where the stores are. Well, already, your major retail chains are looking at putting locations throughout Mexico. Another example of the economic activity:

the maquiladora program has been concentrated right along the northern border. With NAFTA, you can expect that to be disbursed, particularly to a place you and I have a lot of confidence in, Monterrey, because of the skilled work forces there. As a result, you're also going to see the pie get bigger, but the challenge of keeping the slices will become more intense.

The biggest economic benefit, however, will be in the Metroplex. Folks didn't like that when we announced it. The headline in the *Dallas Morning News* was "Dallas—Number One Beneficiary from NAFTA." The front page headline in the Houston paper was, "Houston Not Number One Beneficiary." The front page headline in the San Antonio paper was, "San Antonio Not Number One Beneficiary." About seven places were claiming to be number one, but the truth of the matter is that Dallas is the number one beneficiary of trade with Mexico. The reason is that goods that are purchased by Mexico are manufactured in the Metroplex. Mexican businesses are purchasing telecommunications equipment, computers, and electronics. And the Metroplex is a major service center for the entire southwestern region of the United States and on into Mexico.

The point is, the benefits of this agreement spread throughout the state of Texas and throughout the United States. They're certainly not limited.

Part of the economic issue is the controversy over jobs. I debated a lot of folks around the country from organized labor during the course of this thing, as you can imagine, and I told them, "You know, we're all here for the same thing. You're opposed to NAFTA because of jobs, and I'm for it because of jobs. But we're looking for the same thing."

In truth, we run a trade surplus with Mexico. That is, Mexico buys more from the United States than the United States buys from Mexico. On balance, we're producing more to sell to Mexico, and you can expect that to be intensified with the passage of NAFTA. Consequently, we create jobs. Now, low-wage jobs have gone to Mexico. Low-wage jobs have gone to Malaysia. Low-wage jobs have gone to mainland China. I do a lot of work in Asia these days, and I know the biggest concern people in Taiwan have today. Now that the wage rate's gotten up to \$4.00 an hour, they are losing those core industries that built the Taiwanese economy to Malaysia and some of the other low-wage countries in Asia. The reality is we have been losing those jobs in the United States for about twenty years at a pretty significant rate, and we will continue to lose them with or without NAFTA.

The bottom line is those jobs would not have stayed in the United States. We have made a decision as a society to have a certain standard of living, and we developed our economy accordingly. If we want to keep those jobs, it's simple enough: pass a fifty cent minimum wage, get out there and compete for them, and lower the standard of living in the country. However, we have made a conscious decision not to do that. Furthermore, if you look

at and chronicle the bad things that have happened in the U.S. economy in the last twenty years, it's not the low-wage manufacturing jobs we've lost, it's the high-wage manufacturing jobs. We've lost them because we haven't been able to get to the market quickly enough with the new technologies we generate. In addition, there have been too many impediments to production in this country. That's the real tragedy.

The low-wage jobs will be here, but they will be jobs that support the high-wage manufacturing sector. That decision was made a long time ago. That's how this economy has evolved, and that's not going to change. The truth of the matter is, whatever company makes that first big announcement would not have stayed here anyway. Global competitive forces would not permit a firm to pay \$4.25 to \$5 or \$6 an hour for work that can be done on the global marketplace for 50 cents an hour. It takes a whole lot of tariffs and a whole lot of transportation cost to make up that much difference when labor content is usually the major cost component in most production processes.

So the bottom line is that those jobs were not going to stay here. They might have gone somewhere besides Mexico, to a country with which we run a trade deficit, but for NAFTA. NAFTA now makes it more cost effective to locate those facilities in Mexico for goods that particularly serve U.S. and Canadian markets.

The folks that debated on this agreement had very, very good intentions. And those are people who are concerned about the environment, because that was the other big negative issue. And if any of you have looked at the river since you've been here, or spent some time around here, there are some significant environmental problems; no one can or should try to deny that or hide from it.

I would have liked to have seen some provision of this agreement a little bit stronger on that myself. What we got, I think, was all that could be gotten at this particular point in time. But the key thing is, if you look at the history of how economies evolve (and a number of people have studied this) almost every country, including this one, starts out with a pretty pristine environment because they're not doing anything. Then people start to develop that economy, and the result is environmental decay. Eventually, the developing country reaches a certain point in history with a certain living standard and the people can stop concentrating on their next meal and start worrying about the next millennium. At that point, a reversal of that process occurs. That's happened in every country that's reached a certain developmental stage in its history.

Empirical studies that have been done by people around the world indicate that Mexico is just about at that point in its history where future economic progress will bring greater environmental consciousness. When that happens, we will see the economic progress become a catalyst to solve some of

the environmental problems. They're not to go away overnight. The provisions in NAFTA to monitor some of those things and to put it in international law are very, very positive provisions. NAFTA, in my estimation, is a pro-environmental trade agreement. By helping the prosperity of Mexico at a critical point when it's past that initial early developmental stage, NAFTA will help to clean up the environment.

So the bottom line is that I think the agreement is a very good agreement. I think some of the side agreements are very good. Some of them are silly, but some of them are very good, positive, steps in the process. Some of them were done to get one or two votes here and there. I think it's a tragedy of the political process that ratification had to be such an intense debate. This is the kind of measure that should pass by a very wide margin, in my opinion, because it's a very important, positive step. It's not the last step in the journey. This is not the only time we'll ever sit down and negotiate, but it's a very, very significant milestone. We would have never gotten to NAFTA but for a lot of reforms that started in 1986 in Mexico. And we will go beyond NAFTA in the future.

The summit on Central America is also very significant, because it indicates this is just a step. It's an important milestone, but that's all it is. It's a milestone and a journey for a greater global free trade and an increased overall competitiveness for the United States as an economy in the world. For a lot of reasons, then, I was very enthusiastic, very supportive of this agreement. I think, as members of a major society in the state of Texas, you can expect some very, very significant benefits.

Let me close my formal remarks, then I'll be happy to answer or evade any questions with a quote that I think kind of sums up my feelings about what NAFTA is. Truly, what NAFTA is, is an opportunity. It's not a guarantee of anything. Just because we sign something doesn't mean that all these good things are going to happen. It means we now have an opportunity to make those good things happen.

So, from that perspective, I think I'll close. Bob is very good at closing things with quotes from Shakespeare. I was raised in deep, deep, rural East Texas. My first address was Possum Alley Road in Rich Springs, Texas. I've had to raise myself significantly in life to be able to quote Orson Welles, and that's about the best I can do. He was a very distinguished writer, director, actor. He did a number of things—he did "War of the Worlds" on the radio a number of years ago, and he scared my grandmother and a whole lot of other folks into thinking the Martians had landed, and then he did *Citizen Kane*, which many people think was the best movie that was ever made. But what I remember was sort of late in his life.

Mr. Welles had a very distinguished voice, and he was rather portly. Now half of that's been used to describe me from time to time, and I won't say

which half, but the other day I bought a suit and I walked up to my 11-year-old daughter and I said, "Honey, does this suit make me look fat?" She said, "No, daddy, not at all, it's your stomach that makes you look fat."

Anyway, shortly before his death, Mr. Welles was doing this commercial for Paul Masson wines. I know you'll remember this commercial. He would hold out this glass of wine and look at it and speak in his very distinguished voice. When people from where I'm from try to imitate those kind of voices, all we do is talk just a little bit slower, but I'll do the best I can. He would say, "At Paul Masson, we will sell no wine . . ." See, everybody remembers that commercial; everybody remembers it, you know, but something always bothered me about it. Paul Masson sells for \$3.75 a gallon. I mean, think about that—\$3.75 a gallon. They get that stuff in a bottle and it's time. You know, I'm serious. Any way you look at it, Thursday was a good year!

Well, I do think that's where we are with NAFTA. It creates a very unique opportunity. I think it's a time where, after a lot of economic setbacks over the past decade in this state, that some of the comeback is becoming a reality. I think it tells us we have our stuff in a bottle, and it's time. Thanks.

I guess I'm doing these questions. Yes, sir.

Hargrove: I'm just wondering about the next stage in this free trade battle—that is GATT. If I remember correctly, we've got 11 days to the deadline that was set. And, we move from a perspective of centuries to a perspective of 11 days. What is the prospect of GATT, and how does NAFTA influence that?

Perryman: Well, in terms of the GATT treaty, in my opinion, we're going to get a pretty good looking agreement this time with some pretty good terms for the United States. I think the main role NAFTA played was giving the North American countries a little more political muscle in the negotiation process. I'm going to give a reasonably long answer to a short question, and I apologize for that, but, in my opinion, the reason we never get as much as we want out of GATT, and we never make the progress we'd like to in terms of global trade with GATT, is because there are too many people at the table.

When you put 140 people in a room and they have to agree on something, it's pretty tough. If I made all of us unilaterally agree today on what lunch was going to be, and I mean everybody had to have total and complete agreement before anything could be served, it'd be a difficult process. Somebody would hold out for honey mustard no matter how many people wanted ranch. And that's what we have with GATT. It's so very difficult because it's so very cumbersome—there are so many people there.

No one's said a whole lot about this, but I think there is an important role that NAFTA plays in the course of world history that will be written in the

future. We're already seeing a European bloc emerge. The nations are becoming one country when all is said and done, when they get through all the process. Right now, it's been slowed down a little bit because of integrating the former East Germany, but, basically, they're heading in that direction. The Asian bloc is forming very rapidly, and you're now seeing the North American Coalition. I think, beyond that, a Central and South American bloc will form. Potentially, in ten or fifteen years, you will have three delegations sitting at the table. And when you get three delegations sitting at the table, you can begin to have much more meaningful negotiations and interchange than you can have with 140 people. From that perspective, NAFTA plays a very important long-term role. It's one step in the process. Don't overemphasize it. It's an important milestone, but it's just one step in a big journey. When we get to that point, we can truly start negotiating trade agreements of the type we need throughout the world.

If we can truly have a reasonably level playing field in the world, and I think that's a goal that's going to be very difficult to achieve, I'm not concerned about the United States not being able to compete. We are a leader in technology, the leader in new discoveries, a leader in new patents, and I think we're figuring out the ways to get those things to the marketplace quicker. I really feel that if we can level the playing field, we can compete in the arena we want to compete in very effectively, but I think we're going to be disappointed with each round of GATT negotiations because the process itself almost assures that you're not going to get a really meaningful set of standards out of it. Other questions?

W. Rostow: Ray, I'm going to be very brief. You're not going to be here this afternoon, but I'm going to make an argument that you're not going to have three blocs. And I just want you to be aware that there's another view. You almost suggested it, actually. Basically, and I'll elaborate this afternoon, the technology does not go by blocs. The nature of this technology is inherently global. It's not going to lead to any one country dominating. There are going to be niches all over the world, and if you look closely, the world of technology trade is already global, and it's going to cut across these blocs. And that is a good thing, too.

Perryman: Walt, actually we're going to agree in terms of exactly what you're saying, because I do see all of this ultimately leading to a truly global economy, one in which stocks are traded around the clock and by all types of companies. Today, if you get a company, no matter how closely identified it is with Texas, its charter's in Delaware. And its charter's in Delaware because that's where the best incorporation laws are, and nobody gives it a second thought. Sometimes I go to meetings with the board of directors of

some of these big companies, and I'll say, where's your charter? And somebody'll say, I'm not sure, I think Delaware, but I don't know. But it's just not a big deal. We're going to reach a point where whether your charter is a General Motors charter issued in Delaware or a Toyota charter issued in Japan, it's not going to make any difference. Because it's a true open, global market, and I see us getting there.

Weinberg: You spoke of the fact that we would lose low-wage jobs and keep our high-wage jobs, but what many of the opponents of NAFTA are concerned about was the fact that we would see high-wage jobs in the United States turn into low-wage jobs elsewhere. And this isn't particularly a problem with NAFTA, but if countries all of the world, according to the utopian view you've described, are going to compete and the capital is going to be free, and goods are going to be free across the borders, inevitably, countries that have favorable labor laws are going to be at a competitive disadvantage with regard to countries that don't. We've seen that within the United States. Right-to-work states like Texas have done a large part in weakening the labor movement in states that have favorable labor laws because companies prefer to move to states where labor is not as powerful. A Westinghouse company executive told me that's why they had moved to Texas, to get away from the labor union. So this is a problem within the United States, it's a problem between the United States and Mexico, it's a problem all over the world. But, particularly with regard to NAFTA, we might have hoped that, as part of the side agreements, there would be more that would help the cause of labor unions in Mexico. And that, I think, was a great disappointment. That's one of the reasons that people like Dick Gephardt voted against NAFTA. Could you say something about what you see as the effect of NAFTA on labor, and perhaps hopes for improvement in the situation of labor unions in Mexico?

Perryman: Sure, I'd be glad to. Dick Gephardt, incidentally, was one of the many people, I couldn't begin to count how many, that I ended up debating in some form or another. We did something on CNN or CNBC once about NAFTA. I think his opposition was sincere and well-founded, and I have a great deal of respect for Dick Gephardt. He pointed out some of the things that were not the best about the treaty. You see, it's not a perfect treaty. I think the key thing you're addressing here, though, is how do we keep the high-wage jobs within the United States. The answer to that is the technology, the capital, and the training that goes along with that work force. We're not going to lose certain types of workers to certain countries because the skills that are required for those workers and the concentrations of educational programs and capital and technology simply are not possible in those

countries. The critical thing that comes out of this whole debate (something I know several people in this room, and most notably George Kozmetsky, worked very hard on over the years) is the whole notion of training and getting things to the market.

One of the things we have to do as a country to assure that we do reap the benefits that are out there to be reaped is to make important strategic investments. In terms of what impact it's going to have on the labor movement in Mexico, I think what Ambassador Jones said (I unfortunately just heard the very end of his remarks) was very telling. He believes the labor movement is going to have to rethink what it is trying to achieve. It is very important for workers to be represented throughout the world, including Mexico. But the traditional concerns and issues that led to organized labor in this country are not the same issues that are here today. The analogy of fighting the last war instead of preparing for the next one was a very good analogy. I think that holds true, to a significant degree, both in terms of what organizational efforts occur in Mexico and the future of organized labor in the United States.

McKinney: We'll have to end at this point so that Ray can catch his plane.

Perryman: Thanks. I enjoyed it very much. Thank you.

McKinney: Ray always gives both an informative and an entertaining speech, and we appreciate that.

Next on our program is a perspective that will differ some, I'm sure, from that of Dr. Perryman, and that is by Thea Lee. Thea is an economist at the Economic Policy Institute, where she specializes in international trade issues. She received a B.A. in economics from Smith College and a masters degree in economics from the University of Michigan, where she is now completing her doctoral program. She has worked as an editor at *Dollars and Sense* magazine in Boston, and has taught economics at the University of the District of Columbia. Ms. Lee's recent research projects include reports on the impact of international trade on the domestic textile and steel industries. She has co-authored with Jeff Faux an EPI briefing paper entitled "The Effect of George Bush's NAFTA on American Workers—Ladder Up or Ladder Down," which was published last July.

II

THEA LEE

THANK YOU VERY MUCH, PROFESSOR MCKINNEY. AND THANKS TO ALL OF YOU. It's a pleasure and an honor to be here today, to be able to address you, and

I'd also like to thank everybody for the warm Texas hospitality that everyone has shown me. I feel a little bit lonely here on this panel—no disrespect, Professor McKinney and Senator Krueger, but we lost two of my panelists before the panel ever started. The other one just ran out the door, and I'm hoping it was nothing personal.

It seems very appropriate to be talking about NAFTA and the future of U.S.-Mexico relations here in Laredo, where the reality of the economic relationship is so striking. You can't miss the trucks lined up on both sides of the border for miles in both directions. But it's also true that the human and social aspects of the relationship are striking here in Laredo. And I don't just mean the lines of people going back and forth with their shopping bags, but I also mean some of the negative aspects of the border area between the United States and Mexico, that is, the immigration question and how we've dealt with that so far. I guess the most striking thing to me was this morning in my hotel room, I was listening to the police dogs who were yelping in their kennel down below. I guess that represents the downside of the relationship between the United States and Mexico right now. I think that these aspects, the human and social aspects, received too little attention during the NAFTA debate, but will occupy much of our efforts in the future.

What will the economic impact of NAFTA be? Well, I don't know; nobody really knows, and it's hard to separate the impact of NAFTA from all the other changes, both in economic policy and everything else that's going to happen, that will also have an effect on jobs, on immigration, and on economic growth in both countries.

I argued during the debate, and I still believe it's true, that NAFTA was and is a bad economic policy for several reasons. And maybe some of these downsides of NAFTA can be fixed. Now that the agreement is in place, we can continue to work with our colleagues in Mexico and Canada and improve parts of the agreement, and I hope that we will be able to do that. So I don't take it as a given that we have to live with the parts of the agreement that I think will be damaging.

The first economic impact of NAFTA is that it is likely to lead to some job losses in the United States. I know this is very controversial. There are economic studies going in both directions, and I've taken a lot of time to look at all the economic studies, including those that predict that there will be job gains for the United States. I think that part of the problem is that a lot of the positive, "rosy scenario" studies really don't take into account the content of NAFTA, what it was designed to do, or the reality of the economies of the United States and Mexico. For one thing, most of those studies assume that there's full employment on both sides of the border. If you assume there's full employment on both sides of the border, it's kind of hard to find that NAFTA is going to cause unemployment, because there's full employment

before NAFTA and there's full employment after NAFTA. All you really have is shifting around between sectors.

But the second thing, which I think is actually more important, is that a lot of the studies assumed that there would be no shift of investment from the United States to Mexico as a result of NAFTA. And I think if you take the time to actually look at the content of NAFTA and talk to some of the negotiators, it's pretty clear that one of the central objectives of NAFTA was to facilitate the shift of investment from the U.S. to Mexico. Of course, anybody can move to Mexico who wants to. Companies have already moved. But the point is that along the continuum, you remove some of the obstacles that might face investors thinking about moving production to Mexico, you increase the security of investment that does move to Mexico, and you lock in the lower tariffs on both sides. All these things, I think, enter into the production location decisions of companies. We shouldn't pretend that that's not happening, because I think it's real.

So you have two offsetting things happening in terms of jobs. One is that you're lowering tariffs on the Mexican market so that more goods go from the United States to Mexico, and that creates some jobs. The other thing is that you not only have imports coming back in from Mexico, but you also have this shift of investment, which is going to cost jobs. And that simply hasn't been taken into account and hasn't been given enough weight. If you compare the magnitude of those two things, you can make a reasonable argument that NAFTA would leave us with fewer jobs here in the United States than the absence of NAFTA.

But that's a small number. And I'm the first person to admit that. It's not a huge number of jobs that would be lost. But two other things are also important. One is that the gross dislocation, the total number of jobs which are lost, could have an adverse distributional impact. So that even if the net change in jobs were zero, it could still be that there are hundreds of thousands of people, maybe half a million people, who lose their jobs. Even though another half a million people might gain jobs, these aren't necessarily the same human beings. And so there is a distributional impact there that didn't receive enough attention.

The second distributional question is the wage impact that was raised in the question session for Dr. Perryman. NAFTA is very likely to put downward pressure on wages for workers in the United States. I'm mainly talking about the bottom three-quarters of the work force, people who don't have a college degree, and who will be put in much more direct competition with Mexican workers as a result of NAFTA. The key is not so much whether we compete with Mexico or not. That's not a question; of course we compete. We compete with the whole world; we can't turn our backs on the competition. The question is, on what terms do we compete? Are they terms

that will end up being mutually beneficial, or are they terms which may be destructive in the long run to the North American economy? I would say that by ignoring the very important issue of labor rights in Mexico, by not dealing with the question of the minimum wage in Mexico, and its dramatic loss of purchasing power over time, we have put American workers into competition with Mexican workers who still lack basic democratic and human rights. I think that will ultimately be damaging to our work force.

It's also true that it's not just low-wage jobs that are moving to Mexico. In fact, low-wage jobs in the United States are mostly service jobs. Those jobs, the McDonalds and the chambermaid jobs, don't move. Those are here, we're stuck with those. What does move is the high-wage manufacturing jobs, and if you look at the jobs that U.S. companies have moved to Mexico in the last five years, three-quarters of them are in auto and electronics. Those aren't exactly sunset industries. They're high-tech, high-paying, innovative industries. There have even been jobs lost in aircraft. Hughes Aircraft moved a plant from California to Mexico recently. So we're not talking about the bottom of the barrel, we're not talking about a couple of sewing machines in sweatshops in New York or Los Angeles. We're talking about the core of the U.S. manufacturing sector, which is moving, is mobile, and maybe moving on conditions which could ultimately be damaging.

The question that Dr. Perryman raised was whether some of these jobs would have gone anyway, whether some would have gone to Asia. Maybe. But we need to think as a nation about what it is that we need to do to make manufacturing in the United States more attractive and more profitable. We need to invest more money in infrastructure, in education, and in training. If we are giving an incentive to U.S. companies to face global competition by shutting down their factories and moving to Mexico, where they can take advantage of the low wages and the lax enforcement of regulations, we're not going to get that investment and we're not going to have that productivity improvement that can support the high-wage jobs that we need to have long-term, healthy growth.

Overall, I would argue that the distributional impact of NAFTA will hurt the less educated, most vulnerable members of the work force, both in terms of the jobs that are lost and the downward pressure on wages. And even if there were some small net benefits, this would still be an important issue that we should think about.

I recently debated Professor James Tobin at Yale University. During the debate, he said that the net economic benefits from NAFTA would probably be too small to measure overall. He argued that the benefits would not be statistically significant, but that we should still do NAFTA for political reasons. If it's true that the economic benefits are too small to measure, and

a lot of people, maybe a million people, maybe half a million people, are dramatically worse off and the poor are getting poorer, and the rich are getting richer, then we need to give consideration to that distributional question.

But let's look at this argument that NAFTA will bring net gains to the United States and to Mexico. Mostly, that argument is made in terms of efficiency and economies of scale. Whenever you lower trade barriers, you have a reallocation of resources between sectors. Resources go out of the less efficient sectors into the more efficient sectors. That gives some small net benefits to the economy as a whole. There are also some economies of scale, as you open up other markets instead of producing just for the United States. But these are fairly small. Economists have tried to measure them, and they've come up with pretty small numbers on both efficiency and economies of scale. If you think about economies of scale, and you imagine a company which is already selling to the United States and Canada, and now has a 10 percent tariff on its goods sold to Mexico being removed, I think that you can see that that isn't likely to, in itself, generate hundreds of thousands of jobs or billions of dollars in growth.

I would put aside this question of the trade surplus. It's true that in 1992, the U.S. ran a sizable trade surplus with Mexico, \$5.5 billion. But that trade surplus is affected by a lot of factors other than tariff levels—the relative growth rates, the exchange rate, the composition of trade, and so on. In fact, the trade surplus with Mexico is already shrinking. During the first nine months of 1993, the trade surplus with Mexico was less than 40 percent of what it was in the first nine months of 1992, so it may be that our trade surplus hit a peak, and is already coming down.

But you can't argue that the benefits of NAFTA to both Mexico and the United States are an increase in net exports, that they're penetrating each other's markets to a greater degree. You do have to realize that in Mexico it's being argued that NAFTA is great because Mexico will have a trade surplus with the U.S., and here we argue we're going to have a trade surplus with Mexico. We just have to inject a little bit of reality into that discussion.

But I would challenge the basic premise of NAFTA, that we can form a free trade agreement where goods, capital, and services flow freely across international borders, without addressing social issues. I think that that's wrong, and it will lead to a less productive and happy relationship between the United States and Mexico in the future. In NAFTA, we didn't really address the disparity in the level of enforcement of labor and environmental regulation between the two countries. We did not address the immigration question directly. That was off the table. And we did not address the disparity in the levels of development between the United States and Mexico.

So we didn't put in place a funding mechanism that would provide a steady

source of funds, for transitional costs in both countries, like adjustment assistance and training, border infrastructure, and environmental cleanup. There could have been a funding mechanism built into NAFTA so that as trade increased, it could generate the funds necessary to pay the costs of moving smoothly from one scenario to another. And we didn't do it. I think Representative Gephardt's suggestion for a cross-border transaction fee would have been in some ways a painless way of funding those transitional costs. But that was not entertained, I think mostly for ideological reasons rather than for any economic or theoretical reasons.

I know that the answer from the NAFTA proponents is that free trade will do it all. Free trade is the panacea: if only we lower trade barriers between the United States and Mexico, then Mexico will get rich, and all these issues will take care of themselves. And, in fact, that is one of the things that Dr. Perryman argued. Maybe, maybe not. Sometimes it happens that way and sometimes it doesn't.

One of the important questions that was raised by NAFTA critics was, might there be more than one path to this desirable end? Is it possible there's more than one way to get from here to there? Some choices might have led to a smoother transition, a more equitable distribution of the benefits of trade and ultimately a more healthy and productive society on both or all three, counting Canada's, sides of the border.

You can look at the industrial revolution and say of course it was a necessary thing. It had to happen. But you can also ask, was it necessary that it happen at the speed and in exactly the same way it did in fifty years of miserable working conditions and brutal repression of social unrest? I think NAFTA, as it is, does create some inefficiencies, in addition to the efficiencies it creates by removing trade barriers. In Mexico, for example, you have rapid trade liberalization, but that has costs. It has real costs, too, to lower trade barriers from 100 percent to 10 percent to zero. Mexico is an economy that doesn't have extensive worker training programs, it doesn't have an unemployment compensation program, it doesn't have a plan for how to take the one to two million farmers who may be displaced by NAFTA and other agricultural reforms and move them smoothly into some other kinds of employment or other areas of the countries. Those costs of transition are real, and they could cause ten or twenty years of real trouble.

But the other inefficiency is that when we regulate our own economy, we impose environmental standards, workplace health and safety standards, labor standards. We do so for a couple of reasons. One is an economic efficiency reason. If a company is polluting, say by dumping its waste right into the river, it's imposing costs on the rest of society, and it's efficient for the government to take those costs and impose them back on the firm itself, so that it has to take into account the total cost of production when it produces

whatever it is that it's producing. If the price of the good doesn't cover that, then maybe the goods shouldn't be produced, because it's too costly to society. That's the economist's reason why we regulate the environment.

We also have moral, societal, and community reasons why we believe it's important, for example, that children not work in factories, that it's better for the long-term health of society and so on that children not work, that people who do work receive a minimum wage which will allow them to achieve a decent standard of living that varies between different societies. Minimum health and safety standards we believe are basic human rights; workers should not be exposed to toxic substances without the information necessary to decide whether their wage is worth the risks that they undergo at the work place. As we do all those things, we recognize that they impose costs on companies that produce in this country, but, in this society, we're willing to pay those costs. We're willing to pay higher prices as consumers for goods produced in an environmentally responsible way, in ways that don't trample on workers' basic rights.

But, all of a sudden, when it comes to international trade, and we suspend a lot of those beliefs. That has a moral impact in the sense that, well, we don't want American children working, but we don't care if children in some other country are working, or if people working in Indonesia, for example, making sneakers for the U.S. market, earn fifteen cents an hour and live in terrible conditions. We don't care about that.

But it also has a practical impact, which is that we encourage manufacturing companies to relocate out of the United States into some other place. As Mr. Weinberg mentioned in his comment, that makes it competitively difficult for any company to produce here. If you're an economist and you believe that there is perfect competition, and that markets do work, then you would find it hard to believe that companies would choose to produce in a more heavily regulated place. Of course, they do, because there are transportation costs and other reasons, emotional reasons perhaps, why companies choose to produce where they do. But if people were making decisions on a purely economic basis, they wouldn't locate production in the more regulated society. So we have to figure out how we're going to be able to participate in a global economy and also maintain those standards which we value and which are the product of democratic processes.

In order to do that, we do need to think about how we're going to regulate imports, the goods that come across our border, not just from Mexico, but from the rest of the world. One of the things that made me angriest during the NAFTA debate was this idea that people who oppose NAFTA were somehow stuck to the past and protecting the status quo. I think that's just wrong. It may have been true for some individuals, but I think that the basic thrust of the opposition to NAFTA was forward-looking. It was an idea that

our trade policies aren't working very well right now. They aren't working for a majority of people. We need to rethink how we play in the global economy. Of course, we're going to play in the global economy. We can't afford to walk away from the global economy, but maybe we need a different set of rules and maybe this particular NAFTA, this two thousand pages of rules and regulations, isn't it.

I would argue that, in this sense, NAFTA sets a bad precedent for future trade agreements, both with Latin America and with Asia and with the rest of the world (in the General Agreement on Tariffs and Trade). One of the reasons is that we send a message that democracy, human rights, and labor rights are not important to U.S. negotiators. We can't hold the rest of Latin America to a higher standard of democracy than we held Mexico to, because we just signed this agreement with Mexico. We can't hold China to a higher standard on human rights than we held Mexico to because we signed a trade agreement with Mexico.

The message we sent is that our only interest is market access and investor-friendly laws. Those may be important things, but are they the only things that we want to achieve through our trade laws? I don't think so.

The other bad precedent that we set has to do with the last-minute deals that were cut. The last-minute deals on citrus, sugar, peanut butter, wheat, appliances, plate glass, and so on, as well as the pork barrel, really do represent U.S. trade policy at its worst. It's exactly what our trade partners can't stand about dealing with the United States. It's arbitrary, it's unpredictable, it's antagonistic to our trading partners, and it's completely the product of special interests. It has no coherent strategy underlying it, no principles underlying it.

I think that one of the things that is most telling about NAFTA is that the last minute deals that were cut were all along those lines: a little bit more protection for sugar or a special deal on wheat, rather than pushing Mexico to include labor rights, for example, in the labor side agreement. Or pushing Mexico to write down and put into an international agreement the pledge to raise the minimum wage, which wasn't done. It's not written down. It's not part of the agreement.

So there could have been a different deal. I guess I see this differently from Dr. Perryman. He said that he might have dotted a few i's or crossed a few t's differently, that there were things he would have changed.

I think that the things that could have been changed go much deeper. In fact, if you assess the whole NAFTA, including the side agreements, it ends up being a very lopsided deal, in which business interests were very well served. Almost everything the business community wanted, it got: better protection for copyrights and patents, protection for investment rules, market access, and so on. A little bit of what the environmentalists asked for, they got, and we're going to talk about that more this afternoon.

Labor got virtually nothing that it asked for. Virtually nothing. The labor side agreement is an embarrassment, I think, to the negotiators on both sides. We can talk about that more in the comments afterwards. It's ironic that during the debate, the labor movement was vilified for not being more supportive of NAFTA. The agreement could have been changed to address some of the concerns that labor raised, instead of just negotiating a one-sided deal and then screaming at labor to shut up and accept it. And I think that really is what ended up happening.

But, the truth is that U.S. trade policy needs to be opened up. The discussion needs to be a lot broader, a lot more democratic, with a lot more public participation, more inclusive, more responsive to the concerns that were raised in this debate every step of the way. It wasn't as though people who criticized NAFTA were too shy about saying what their problems were. The problems were outlined from the beginning, from the fast track debate, and they were never addressed in a substantive way.

I'll end with a quote from Gary Hufbauer, who is an economist at the Institute for International Economics in Washington, a pro-NAFTA economist. He was quoted in *Business Week* a few months ago, talking about the good old days, when trade policy used to be made by a small elite of like-minded people in government, where they basically sat down behind closed doors at the Treasury Department and made trade policy, and that was the end of it. Since he used to be at the Treasury Department, of course, he thought that was a pretty good deal, because he was in the room. I wasn't in the room.

He said the difference is that now, trade policy is TV talk-show material, and I think that's exactly right. The NAFTA debate did bring trade policy into people's living rooms and people had a lot of important reactions. They weren't all based on ignorance, as the debate sometimes made it seem. They were based on real gut instincts and an understanding of the economic forces at work. People understood that NAFTA was, in some ways, a continental shift in the balance of power from working people in all three countries to the owners of capital in all three countries, and that was what this fight was about. It wasn't just that a bunch of old-fashioned, backwards labor unions and a bunch of not-too-smart environmentalists were being pig-headed about.

So I think that I'll end on that note and say maybe NAFTA really is a bottle of \$3.75 Paul Masson wine. But it could have been different if we had taken the time to explore some of the complex issues, not rushed this debate, swayed by artificial urgency and political considerations in all three countries—in Mexico, to be in time for the '94 election; in the United States, George Bush wanted to wrap up the deal before the Republican Convention in '92, and, of course, Congress wanted to vote on NAFTA in '93 so that it wasn't too close to the '94 elections. The Canadians were also anxious not

to vote on NAFTA right before an election.

In fact, one of the things that is pretty ironic is that in all three countries, it's taken for granted that the further you keep NAFTA away from the voters, the more likely it is to end up as policy. One of the things that I found sad was when Clinton said a number of times that if only Congress could vote by a secret ballot, then NAFTA would sail through. Well, we didn't elect members of Congress so that they could vote in secret and not tell us what they're doing. We voted for them to represent all of our interests, not just those of the big-time business lobbyists. Thank you.

McKinney: Thank you very much for a stimulating presentation. The audience will have a chance to ask questions after my presentation. We'll have a time for discussion and question and answer.

III

JOE MCKINNEY

I WOULD LIKE TO BEGIN BY SAYING THAT, IN MY OPINION, THE APPROVAL OF THE NAFTA agreement by the U.S. was extremely important from the standpoint of the country's foreign relations. Its symbolic importance, both as an indicator of our future course of relations with Latin America and in terms of our country's leadership position with regard to international trade matters, would be hard to overestimate. I think it was, indeed, important to get approval of the NAFTA agreement to provide some impetus for the GATT round agreement, which is on the table now.

But in addition to the foreign policy implications, there are important economic implications as well. The studies carried out so far have been virtually unanimous in their predictions that the effects on the U.S. of trade liberalization, that is, removing our barriers on trade and goods, under NAFTA will be positive but relatively modest. The estimates are in the vicinity of about one-half of one percent of gross domestic product for the U.S. and Canada. There are estimates of up to a 12 percent increase in gross domestic product for Mexico. Mexico is obviously a smaller country, so the impact there will be greater.

The effects on the U.S. economy will be positive because NAFTA makes possible greater international specialization of production with resultant gains in economic efficiency. The effects will be modest because the U.S. economy is at least twenty times as large as the Mexican economy, and U.S. trade barriers for most products from Mexico were relatively low already.

During the recent NAFTA debate, I think those in favor of NAFTA and those opposed to it both tended to exaggerate the economic effects. Now some people contend that economists cannot really estimate the effects with

any degree of accuracy. And it is a complicated and difficult matter to try to estimate the effects of a free trade agreement. But I think it is instructive that there were a number of estimates of the effects of the U.S.-Canada free trade agreement. This agreement has been in effect almost five years now, and most of these estimates were quite accurate.

Estimated effects of trade flows on employment have generally predicted some moderate job gain in the U.S. in the short term as a result of NAFTA. The reason for this, as has been mentioned, is that the U.S. is expected to run substantial trade surpluses with Mexico for the next several years. This is because Mexico still needs to replace depreciated capital equipment and also to upgrade the physical infrastructure there.

There will be some changes in the composition of employment as import industries contract and export industries expand. However, these changes will be relatively insignificant in comparison to the changes that we ordinarily experience. The most pessimistic of what I consider to be credible estimates of job displacement as a result of NAFTA are in the 500,000 range, that is, a half a million people displaced. Considering that during the five years from 1985 to 1990 job displacement in the U.S. was in the nine million range, and considering that NAFTA will be staged in gradually over a period as long as fifteen years for some products, the job displacement effects will be so small as to be swamped by monetary and fiscal policy actions and by the technological changes that are regularly taking place in a dynamic economy such as this.

If the experience of Western Europe is any indicator of what we can expect in North America, much of the cross-border specialization will be production-sharing within industries, rather than entire industries disappearing. Firms will be able to find niches within which they can be competitive. The increased specialization of production within North America should help the industries of all three countries to remain competitive within the world marketplace.

Let me give you a specific example. I think of a firm in Waco that is producing electric motors. They went to Monterrey to a trade show to look for customers for their motors, and instead came back having found a subcontractor that would do the labor-intensive parts of their electric motor construction. They found that this lowered their costs to such a degree that they were able to bid against Japanese competitors on contracts that were out of the question for them before. They are expecting that their employment in Waco will increase rather than decrease, even though they are subcontracting some of the labor-intensive parts of the process into Mexico.

Japan has invested extensively offshore in Asia so as to transfer labor-intensive parts of the production process to countries with lower labor costs. Western European firms are drawing upon the highly skilled but relatively

low-cost labor pool in the countries of the former Soviet Union. The Southeast Asian countries and China are rapidly increasing their industrialization and their competitiveness.

The opportunity for greater specialization within North America presents itself at a particularly opportune time. It will very likely lead to further specialization and economic integration throughout the Western Hemisphere, with attendant benefits for all countries involved. I think we will see movement in that direction before long.

But the NAFTA agreement is about more than trade flows. As has been mentioned, it is also about investment. Cross-border investment can be expected to increase significantly for a number of reasons. Mexico has agreed to liberalize its investment regulations, which will make foreign investment there easier. The signing of the free trade agreement has increased confidence in the permanence of the dramatic economic reforms that Mexico has put into place, and in the future prospects for the Mexican economy. Changes in the Mexican legal system to guarantee intellectual property rights and to ensure due process, and the establishment of an effective dispute settlement mechanism, will further increase confidence. Awareness of business opportunities in all three countries will be heightened by the increased economic interaction among the countries.

Some people have worried that the effects of U.S. investment in Mexico will have an adverse impact on employment and wages in the U.S. Here, again, it is important to keep in mind the disparity in economic size between the two countries. U.S. direct investment in Mexico amounts to about one-fifth of one percent of total private investment annually in the U.S. So in the unlikely event that U.S. investment should increase five-fold, with all of the increase coming out of domestic investments rather than being diverted from Asia or some other part of the world, it would only amount to about one percent of the amount being invested domestically. It would take many years for this to have a measurable impact on the accumulated capital stock of the United States, which it would have to do to cause a decline in U.S. wages. In fact, most studies project some very slight improvement in wages in the U.S. because wages in the expanding export industries are a bit higher than in the contracting import competing industries.

Throughout the NAFTA debate, the emphasis has been almost exclusively upon the industries affected and the possible employment effects. Very little note has been taken of the benefits of unrestricted trade to consumers through lower prices. Study after study has shown that the benefits to consumers of unrestricted trade can confidently be expected to outweigh adjustment cost several times over, and to extend much farther into the future.

Several studies also have shown that lower income groups of society tend to be harmed more from trade restrictions, and thus to benefit more from trade liberalization. One study estimated that the impact of trade restrictions on consumers is equivalent to about a 23 percent income tax surcharge on the lowest-income group in the country, and only a 3 percent tax surcharge on the highest-income group.

An especially beneficial effect of NAFTA for Texas will be the increased economic activity in the border region. The border economy is almost a separate economy, as most of you know, with cities along the border having stronger linkages across the border than to other parts of their respective states. Texas's border population represents approximately one-tenth of the state's total, but it is growing at a rate nearly double that of the entire state. The border counties can generally be characterized as an economically depressed region.

Let me give you a few statistics taken from the report of the Texas Consortium on Free Trade. These were gathered for us by Professor J. Michael Patrick at UT-Pan American. Historically, per capita incomes in the border region have been only one-half to two-thirds of the statewide average. Per capita wages have been only one-half the statewide average. And unemployment has been over twice the statewide average. The high school dropout rate is in the neighborhood of 50 percent. During the 1980s, the border region was a net drain on state resources. For every dollar in state revenues that the border region generated, it received more than two dollars in state funds in the form of unemployment compensation, food stamps, and an array of social service programs.

Improvements in the physical infrastructure along the border will be required to support the growth of economic activity in this region which is expected to result from NAFTA. The North America Development Bank should provide funds which would not otherwise be available for upgrading the infrastructure along the border. Expenditures which are planned to upgrade environmental conditions will provide an important economic stimulus to this region. Also, some companies can be expected to locate along the border so as to service the Mexican market better. As a matter of casual empiricism, I seem to detect an increase in economic activity from three or four years ago, when I first started coming to the border. I think the increase in economic activity along the border has already begun.

Projections for emerging jobs in the border counties, even prior to NAFTA, indicated tens of thousands of new jobs in the productive, operative, and maintenance fields, and in professional and technical services. Projected skilled labor needs to support suppliers and manufacturing industries on both sides of the border include machinists, electrical and

mechanical technicians, industrial maintenance and quality control specialists, and computer-aided design engineers.

Today, border communities fall far short of having the necessary resources to prepare the skilled labor force necessary to take full advantage of future employment opportunities that may be generated here. More than 18 percent of all Texas counties where the majority of the adult population has less than a ninth grade education are border counties. And for those residents completing high school and desiring to further their education, the picture is not much brighter. Border universities and colleges receive less than one-half the amount of per capita aid distributed statewide.

In an era in which professional and technical education is generally seen as the road to a brighter future, and certainly is a key to capitalizing on opportunities provided by NAFTA, the border region has few professional schools and has inadequate technical training programs. Increasing the education and skill levels of the workforce along the border must be given a high priority. Indeed, this is a matter which needs increased attention across the U.S. Both international competition and technological change make it imperative that we have a workforce which is equipped with the basic skills to take advantage of increased economic opportunities in a high technology era.

The apprehensions which surfaced in this country during the NAFTA debate were only partly the result of erroneous information disseminated by some of the opponents of the agreement, or the fact that the country is struggling with unresolved social problems. These fears also reflected the fact that this country is in the midst of significant economic transformation. With the end of the Cold War, defense-related industries are contracting, with resulting layoffs and unemployment.

And like the rest of the world, we are in the midst of a structural transition to the information age where many of the functions previously performed by labor, from the unskilled ranks through middle management, are being computerized. Rapid technological change means that most of our workforce will change jobs several times during their working life.

In this climate of uncertainty, there is a lot of sentiment for retreating into protectionism. I watched a program on C-SPAN just two nights ago and was amazed that caller after caller was asking, why do we have to enter into all of these trade agreements? Why can't we just pull back and be self-sufficient?

This is not a viable alternative for us, either on a national or a regional basis. Changes in technology, which are lowering transportation costs and communication costs dramatically, are driving the countries of the world inexorably toward global integration. The trend around the world, from

Latin America to Eastern Europe to India to Vietnam, is toward deregulation of economic activity and a greater role for market forces, both domestically and in international trade. If we are to increase or even to maintain our standard of living in this environment, then we must take steps to ensure that our labor force is equipped with the basic skills to adapt to changing circumstances and to take advantage of the technological advances which can propel us to greater economic progress.

This will require improvements in our educational system, as well as innovative approaches to adult education and retraining of the present labor force to equip them for expected job changes. If NAFTA stimulates us to take positive action in this regard, that action could in the long run be NAFTA's most favorable economic impact of all.

Thank you very much, and I believe we have about fifteen or twenty minutes for questions. You may direct your questions to one or the other of us, or, if it's a general question, we may both attempt an answer. Thank you.

Blanton: I guess this would be primarily directed at you, Ms. Lee, and thank you for your very stimulating comments. We have approximately 950,000 Hispanics in greater Houston, according to the demographers. And I hesitated a little bit about appearing as a racist to even bring this up, but President Salinas articulated it almost precisely the same way, so I felt somewhat free. About half of that number have arrived since around 1980. We had, thus, an in migration that created very serious problems for us, much faster than we could assimilate them into our workforce, and especially since they were relatively uneducated. We have had very serious problems because of that, not only with crime, but also in a chaotic educational system, as well as making it very difficult for us to deliver health care to these people. You're entirely correct, the social issues need to be addressed here, but I did not hear you, or any of the other anti-NAFTA people, really talk on this issue. Because we are really not concerning ourselves, to my mind, with the status of Hispanic labor that comes across to the United States. And I think it is time that we start worrying about the conditions under which they work. I think that it is up to us to see that there are job opportunities and job improvements that occur south of our border. And I feel that if we do not worry about this, then we have not responded as responsible citizens. And NAFTA provides an opportunity for this to happen. I would submit to you that whether or not an area is served by workman's compensation laws is immaterial if there are no jobs there. I think that we need to be looking much more at this entire region as we look at improving the economy. And I think that the anti-NAFTA forces really are almost oblivious to addressing this issue.

T. Lee: Thank you so much for your very interesting and deep question and comment. I think you're right, and I'm glad, because it gives me an opportunity to talk about what I think of as NAFTA's impact on Mexico, and whether or not NAFTA is good development strategy for Mexico. I don't believe it is. I believe that NAFTA will further polarize income in Mexico without the kinds of provisions that I have mentioned: debt relief, more development funds for Mexico, labor and environmental standards, a negotiated increase in the minimum wage. The minimum wage in Mexico has lost about two-thirds of its purchasing power since 1980, and that's criminal, because people weren't living so high beforehand. But my opposition to NAFTA wasn't an opposition to trading with Mexico. It was an opposition to this particular set of rules under which we were going to take away the trade barriers with Mexico. And so I was definitely one of the people who said, the day we defeat NAFTA, we should start negotiating a different agreement which would create more opportunities. My view isn't that we need to keep all the good jobs in the United States and to hell with Mexico. My view is that if you do look at North America together, if you look at the United States and Mexico and Canada and the needs of workers in those countries, NAFTA wouldn't necessarily be the solution for Mexico. If you had a more equitable development strategy in Mexico, where wages were rising and workers were sharing in the benefits of trade and economic growth, then that would be the best thing you could do to stem the flow of illegal immigration. I don't think people come from Mexico to the United States necessarily because there are no jobs in Mexico, although, of course, there is high underemployment and unemployment there. They come because the wages are too low. Many of the border towns, such as Tijuana, have zero unemployment. People get there and they work and there are signs up, the factories are hiring constantly. The turnover is high. But people earn too little money to live on in those factories, and that's the problem. Creating more crummy jobs in Mexico, more dollar-an-hour-jobs and two-dollar-an-hour-jobs, is not going to be a solution to Mexico's development problem. There will also be significant agricultural displacement in Mexico. We're probably sending a couple of hundred thousand manufacturing jobs to Mexico with NAFTA, and then we're displacing maybe up to a million people from the agricultural sector, so you are going to have a tremendous amount of disruption and dislocation. And that is almost certainly going to increase immigration pressures, at least in the short run. Whether NAFTA will ultimately be a growth program for Mexico I think is less clear, and certainly economists' long-term forecasts are even weaker than they are in the short-term. So it's not that I didn't think about the issue of Mexico, what would create good jobs in Mexico, it's that I don't think NAFTA does create those good jobs in Mexico that will ultimately solve that problem.

Lochridge: My question is addressed mostly to Ms. Lee. I hate to differ with a Smith College graduate because we have so many of them in my own family. But I do. And I feel that many in this room are far more scholarly on this subject than I, so my remarks are going to be based to some extent on personal experience.

I came to this border forty-eight years ago and lived and practiced for fourteen years here, so I have observed some of the immigration problems and some of the economic problems along the border over that period of time. And I think in some respects, they've not changed. I used to say laughingly to my wife, if you'll permit me, instead of working in the yard, to go to the office, I can make fifty cents an hour there and I can get Pedro to work in the yard for twenty-five cents an hour.

But where I differ with you is that I think that forty-eight years ago, and probably today, Pedro, who was leaving his family in deep Mexico, was leaving because there were no jobs. It wasn't just a matter of coming here to make more money. I think he made more money in this country. And these people underwent terrible privations to come here. Even in those days, labor did not welcome them. There had been a bracero program during World War II, which was acceptable to some. But there was still this outcry against Mexican labor coming to this country and taking jobs. Immigration along this border has never been controlled, in my opinion. And it's this way all along the Mexican border. There's a strong feeling in California that they must do something to control illegal immigration, and they're talking about the economic burden on the California system. I don't hear that so much here in Texas. It seems to me that NAFTA, or anything that will encourage economic development in Mexico, is going to provide opportunities for these people who left their families and came to this country and created problems here, as well, I'm sure, as in Mexico. And don't you think that, if there's something to that idea, there will be more job opportunities in Mexico? Don't you think that those people who have those jobs in Mexico will be better off? And wouldn't you agree that the people who did come here over all those years came here to do this work that we didn't have labor to do in this country, the so-called stoop labor? They filled a void in this country.

And, finally, I want to say that I don't think that these dogs that I too heard last night have a lot to do with immigration. My experience is that they are sniffing for drugs. Thank you.

T. Lee: I think the question is, will NAFTA create more economic opportunities in Mexico, and, therefore, shouldn't we do it. If that's how we're going to argue NAFTA, that sure it'll cost jobs in the United States and it'll lower

wages in the United States, but we're rich and Mexico's poor, so we should go ahead and do it anyway, that wasn't really how we debated NAFTA in front of the U.S. Congress. And I think that would be a hard argument for most Congresspeople to support in their districts. But, even if that were the case, if that is exactly what we're saying here, I think that the question is what are the rules governing labor markets in two countries that are going to tie their economies together and how can those benefit everybody a little bit. And I think one of the issues is that during bad economic times when there's high unemployment and a lot of economic insecurity, there is an outcry against immigration; and we're seeing it in Europe and we're seeing it in California, and elsewhere in the United States. And I think it's scary, and it's racist, and it's nationalist. I come from a family of immigrants on both sides. My great-great-grandfather came from China and worked on the railroads. The other side of my family came from Eastern Europe and had a grocery store in New York City. And I live in a neighborhood which is mostly immigrants, mostly from Central America, in Washington, and I think that immigration is one of the things that made this country strong, it makes it beautiful, it makes it interesting, it makes it a fun place to live and an interesting place to live. But what I think we need to do is really address the reasons why there is so much economic insecurity, and we haven't done a good job at that. And we didn't address those issues during the NAFTA debate. We need to more aggressively follow policies that will lead to a full employment economy, for example. We've put a very low priority on achieving full employment; we have a lot more priority on getting inflation down. But I think if we had more job security, if we hadn't seen falling wages in this country for the last twenty years, then we wouldn't have this same kind of outcry against immigrants. We turn against immigrants when things are going badly in our own labor market. And we need to address those core problems in our labor market before we can deal with that. Again, I just can't believe that NAFTA, with no labor and environmental standards, no provisions on minimum wages in Mexico, is going to be better for Mexican workers than a different agreement would have been. I'm not going to argue that no-NAFTA is better for Mexican workers than a NAFTA. I'm going to argue that a different NAFTA could have done a lot more to raise the level of wages and working conditions for Mexican workers than this NAFTA did. That's a different position, and I stand by that.

McKinney: I think we have time for one more question.

A. F. Lee: Ms. Lee, first of all, I'm Amy Freeman Lee from San Antonio, and while we may not be biologically related, we certainly are spiritually related. I don't know how far along you are in your doctorate, but in my opinion you

are more than prepared for your orals. I want to salute you, not only on your intellectual, critical capacities, but also on your courage. It takes a lot of courage to stand and be counted.

Let me share with you a very grave concern. I tried to share it with the ambassador from the floor, but was not recognized because we ran out of time. But I did share it with him in private. He's more optimistic about the answer than I am, and I said to him, I not only hope you are right, Mr. Ambassador, but I pray.

Let me tell you what my concern is. And that is, we didn't strike the best deal we could have. Some of the things that we could have demanded, we didn't demand, and I think we could have protected not only labor better than we did, but also the environment. I want to be more specific. For the last forty years, the Humane Society of the United States has worked on animal protection. I want to repeat that phrase, not animal rights, but animal protection. That has to do not only with butterflies and kitty cats; that has to do with the meat that goes into our digestive tract. Humane slaughter laws, mammal protection, and all of that. If any of the constituent elements comprising the NAFTA treaty want to bring about a tribunal hearing on any of these issues, that treaty internationally supersedes local, state, regional, and national treaties. So we can be made to retreat on every one of these protections, and if we don't retreat and rescind those laws, the United States of America will pay a very high price for this in additional tariff. That is a grave concern to us. I personally have been involved in these processes for twenty-four consecutive years, and I'm extremely disappointed that the United States didn't stand on the ethical, moral, or spiritual principles in this area. What do you think we can do about it now?

T. Lee: I think you're absolutely right that what the agreement does not do is allow us to regulate the ways goods are produced that come into the United States. The product itself we can hold to the same standards as goods which are sold here. So if a crib is dangerous to babies and it doesn't meet U.S. standards, we can keep it out. But if meat is slaughtered in an inhumane way or if toxic wastes are dumped during the process of production, we can't limit its import into the United States. I think we can keep talking with Mexico. And it's true that right now we're at a place where relations are happier than they might have been if NAFTA had been defeated. There is good feeling on both sides. We should push at this point, I think early rather than late, to extend the protections that are in NAFTA to the areas of process standards that we didn't do during the agreement. Personally, I think that this isn't an ideal way of doing it. We don't have a lot of leverage at this stage. We just signed the trade agreement. We just agreed to lower the tariff barriers, which we can't go back on without exiting from the whole agreement. So we don't

have much to offer at this point. But it could be that we can continue to add more protections to NAFTA and I hope we will try to do that. I hope we will try to keep on improving NAFTA, especially if we're going to use NAFTA as a cookie cutter model on which to base trade agreements with the rest of the western hemisphere. I hope that we don't go ahead and just give everybody this same deal. But I think it's not impossible.

A. F. Lee: Well, I'm glad you feel that way. Let me just say in conclusion. I think we have to be extremely careful in whatever we do as individuals as well as nations, not to sell our souls for immediate material profit. Thank you very much.

McKinney: With your indulgence, I would like to take the question from the gentleman who was on his way to the microphone before, as a final question.

Barrow: I'd like to make more of a comment with a couple of questions sort of tucked in. I think I may be one of the rare U.S. citizens whose predecessors immigrated to Mexico and not to the U.S. Of course, it happens to be Refugio, Texas, now. I would like to talk a little bit about the international aspects beyond just the U.S. and Mexico. I didn't raise my hand for Professor Perryman on my being associated with a Fortune 500 company, because I'm an outside director of one and not an employee. But I'd like to tell a little story because I think it makes an important point. We are looking today at making an investment in Mexico that would not have been made had NAFTA failed. It is in a type of construction that is in the international market and is not something that the U.S. today can compete in. It will, if successful, will bring jobs to Mexico and will revitalize a business which currently is in bankruptcy. So, to that extent, it does bring jobs to Mexico. The alternative, in my judgment, is that the market for that product in the U.S. will be and has been dominated by the Japanese and Koreans. So we're not looking at a question of whether this is a U.S. market for U.S. jobs. It's a question of is there a Mexican job market that can be created that will work for the U.S., Mexico, and perhaps exports outside of North America, or is that market going to be dominated by Asians. Now I'm not opposed to domination by Asians, per se. It's simply that you can't look at this just as a Mexico-U.S. thing. You've got to look at it in terms of the whole context. Now, the plans that are there would say that certain construction can be done in Mexico. Elements can be imported to the U.S. and be finished in the U.S. If it goes to the Korean market, the Korean market will bring in the finished product and so in this particular case, there will be no U.S. jobs or Mexican jobs if the Asian influence is the one that controls. Now, someone will quickly point out, well, the Koreans could buy the same facility in Mexico

and with the new NAFTA agreement could then operate, bringing the same things into the U.S., and that is certainly true, and that is one of our business risks. However, I would submit that our corporation might be more interested in the welfare of the Mexican worker than would a Korean-dominated company in Mexico. Could I ask Professor McKinney to comment about the international relationships? And do you see this as a facet for the future?

McKinney: Yes, sir. I think we are living in an increasingly global environment. We have to adapt to that. I do believe that North American companies, in general, will be more competitive in the international marketplace with the trinational agreement. And there is one further comment I'd like to make. I perceive this as an agreement from which all three countries can benefit. Jobs gained in one country are not necessarily jobs lost in another. I think it is quite possible that there will be substantial job growth in Mexico and also some net job creation in the U.S. as a result of the NAFTA agreement.

Okay, we appreciate very much your participation. Do you have some final words, Senator Krueger?

Krueger: The only words are that it's now five minutes to twelve. Lunch is being served in the adjoining area to the left. Initially, we had planned to give you fifteen or twenty minutes to go back to your rooms if you wanted, but in order to try to stay on time, please proceed to the dining area.

ENVIRONMENTAL IMPACT

J. CHRYS DOUGHERTY

IN CONNECTION WITH ENVIRONMENTAL ASPECTS AND THE EFFECTS OF THE WHOLE NAFTA process we have with us a panel of three excellent speakers to present both sides of this argument. Our first panelist is Humberto Hernandez Haddad. He is a very interesting guy. The more you look at his curriculum vita, the more impressed you are. He was born in Villahermosa, Tabasco, and he became a Congressman from the 49th Mexican District when he was twenty-one or twenty-two. He got his law degree from the National Autonomous University of Mexico, and then he did graduate studies at Harvard and was Congressman from the 51st federal district and chairman of their Committee on Science and Technology. And then he went to International Studies at Johns Hopkins University, and then went also to the Sorbonne in Paris. And, based on that education, he came back and became a senator at twenty-eight. He's been a senator for the republic. He was co-chairman of the U.S.-Mexico Interparliamentary Meeting, and he's had various and distinguished assignments since then. He was the chairman of the Mexico-Canada Parliamentary Meeting at Ottawa, Halifax and Montreal in 1988. He's now the consul general of Mexico in San Antonio. We're privileged to have Humberto with us today.

I

HUMBERTO HERNANDEZ HADDAD

LET ME BEGIN BY ACKNOWLEDGING THIS KIND INVITATION FROM MY DEAR TEXAN friend, your Senator Ambassador Bob Krueger. I have always insisted in watching the career of my friend Bob Krueger that the best interpretation about his political career ever was published this year by the British magazine, *The Economist*. If you remember, just a few weeks before the election, *The Economist* was doing a very interesting description of how Texas is one of the most hectic political arenas in the world. And they defined it by saying, in Texas, they practice gladiator politics. And in assessing Bob Krueger's background, *The Economist* concluded, he has a perfect background to arrive successfully to something very important in his political aspirations. Because in Texas no one can achieve something important without having lost three elections. And that is the way we have seen, with Yarborough, George Bush, and many other great figures of this state.

The Philosophical Society of Texas, is a provocative opportunity and audience for a Mexican official to say what we are doing in matters of U.S.-Mexican relations, and particularly, in matters of environmental concern.

Because of the many years of losing time, in the most inefficient and unprofitable manner, our two countries have decided to put aside metaphorical statements, rhetorical expressions. Every single degree of inefficiency and lack of profitability in our productivity margins converts immediately in the profit rates of our competitors.

In search of lower production costs, with more efficient and cleaner use of our resources, the challenge for our two nations is quite clear. We need to set in motion a self-sustained economic development motor where Mexico can articulate these new business agendas with its neighbor to the north and bring Canada into this trinational alliance. It's a must in terms of opportunities to solve the problems that cannot be tackled unilaterally. They would defeat our three administrations because they do not stop at the borders. That is the case of our focus subject: the environment.

Even the most lucid, most focused adversaries of NAFTA have agreed that, in the long-term, they would be looking for something like NAFTA. Just listen to what Thea Lee told us this morning. She does not agree with the NAFTA that was approved last month by the U.S. Congress. She would like another NAFTA with some other elements. She has stressed the need for more environmental protection. But the fact is that sooner or later we needed to start with trinational public policy instrument, and it was free trade which galvanized these three national powers. Otherwise, we would still be waiting for the three administrations to discuss something in common and to set forward political, as well as economic, resources to work together.

And it is because of NAFTA that we are here today discussing what we are planning to do with our governmental and our non-governmental resources to tackle our common problems. Let me review briefly what NAFTA says about the environment. Everybody knows the commitment of the Mexican administration to improve our environmental protection process. NAFTA legitimately can be considered the first international trade agreement seriously addressing major environmental issues. It's going to require that the three countries provide warranted public access to the courts to petition for enforcement. It will also require, to open and start judicial and administrative proceedings, laws and standards that provide high levels of environmental protection, and full commitment to enforcement of these laws.

To insure that environmental goals set forth in the existing NAFTA are met, the agreement calls for establishment of an independent commission on environmental protection. How does it work, that commission on environmental protection? It's a government council, a joint public advisory committee, and a central secretariat, which will work to maintain the highest standard of environmental protection and cooperation.

The council is the government institution of the commission, made up of senior environmental officials from each of the three countries. Its objectives are to oversee implementation of the site agreement, promote and

facilitate environmental cooperation, oversee the secretariat, and address disputes that may arise in interpretations of the agreements, which is good news for all of us lawyers. The council will meet at least once each year with all regular sessions open to the public.

The joint advisory committee consists of five representatives of non-governmental organizations from each of the three countries. It advises the council and participates in development of the council's annual program and budget, as well as provides technical and other information to the secretariat. The committee will meet at least once each year when the council holds its regular session.

The heart of the commission is the secretariat, and the secretariat location for the environmental council shall be in a Canadian city. The labor office shall be in an American city. In the meantime, NAFTA's executive secretary will be in a Mexican city.

This secretariat led by an executive director, would provide technical and administrative and operational support to the council. It's also responsible for preparing an annual budget and activity program. If you look, in the meantime, at the number of standards Mexico has been producing, it's amazing. Just by December of this year, we have produced 160 standards in matters of environmental regulations. And the goal is 201 standards regulating the handling of toxic waste, solid wastes, sewage plants, noise, chemicals. This is something we could call a very accelerated process of modernization. And if what we have been looking for is how to make sure that our two nations, can become effective, efficient partners, this serves the purpose of a great partnership. Knowing that Ambassador Jones was so close to President Johnson, I was recalling President Johnson's wise statement many years ago: "If we don't raise the standards of living of the Latin American nations, some day they could drag down ours."

And here the challenge is how to produce a macroeconomic model, market-oriented, with environmental responsibility and with social concerns. If we are able to produce such a model, Latin America is going to be one of the most important examples of economic development in the world. And it's not too much of a goal to think that Latin America can produce such results if you look at the immense array of natural resources in this continent, the paradox of rich territories with poor populations, the availability of capital, as well as the science and technology to set in motion these human and natural resources.

Earlier this morning Dr. Rostow said something that deserves a careful consideration. We are all too happy to say that we have started a trading region, a great regional alliance. And he prevents us by saying it's not so easy. And it's true. Science and technology, which is the key to this major chapter of development, will remain in the hands of the transnational

corporations. But we need to learn also from the success of the transnational corporations; our national administrations need to learn about what the transnational business globalization has brought, teaching that the borders have become important for the economic well-being of the population. There is, by the end of this century, the need of a new political theory to accept the fact that the state-nations need to improve their productive, transnational, efficient links, if we want to make sure that we can successfully address the social and economic needs of our population. I think that my fifteen minutes are already up. Thanks.

Dougherty: Now let's look at it from the point of view of the more environmentalist approach. We have with us today Mary Kelly, who is a lawyer in Austin. She has her B.S. degree in chemical engineering from the University of Arizona. She worked as an engineer for Radian Corporation in Austin, got her law degree at the University of Texas, worked for the environmental division of the attorney general's office, and she's been, since 1986, with the firm of Henry & Lowerre in Austin. Since 1989, she has been the executive director of the Texas Center for Policy Studies. It's a nonprofit organization based, in Austin, which has given its time to studying the environmental impact of the maquiladoras and the various operations along the Texas border. I give you Mary Kelly.

II

MARY KELLY

THANK YOU, FIRST OF ALL, VERY MUCH FOR THE INVITATION TO BE HERE. I'VE learned a lot already this morning, and I'm looking forward to the rest of our discussions this afternoon.

I want to step back a little bit from the day-to-day wrangling over NAFTA. For someone like me who's worked on this for about three years, I can tell you that the best thing about NAFTA is that the vote is over with. What I want to look at today are some trends that shaped the NAFTA debate, and why I think those trends are important. In his 1988 book with Robert Pastore, the Mexican author Jorge Castenada noted that economic integration, in addition to increasing the unfettered flow of capital and goods and people across borders, is also going to increase across-border flow of ideas and information.

And building on that thought, I want to explore with you today something that I think is a new, although not entirely new, dynamic in U.S.-Mexico relations. And I'll call it, for purposes of our discussion today, cross-border citizen diplomacy. I'm going to focus particularly on this cross-border

citizen diplomacy in the environmental arena.

Let me define for you what I think cross-border citizen diplomacy means. It is the action of citizens, individually and in non-governmental organizations, to build temporary and permanent working relationships with their counterparts on the other side of the border. These efforts are conducted entirely outside of government-to-government channels, although often their goal is to influence government action in one or both of the countries. And in some sense, this cross-border citizen diplomacy offers not only an alternative to government-to-government relations, but also an alternative, or counterforce, to the corporate relationships that have been developed across the border, where money is the common language, and making a profit is an easily identifiable common goal.

Why, besides the fact that we're on the environment panel, should I look at cross-border relationships in the environmental arena? First, the environmental arena is unique in U.S.-Mexico relations, obviously because we share important natural resources: ground water, surface water, air, oil and gas, and even wildlife. And the desire to protect these resources and to protect public health forms an easily identifiable common interest for citizens on both sides of the border that allows these citizens to put aside differences in nationality, put aside some of the bad feelings that have come from the difficult history between our two countries, and even put aside political beliefs. So, unlike the area of labor relations, there's a more easily identifiable common ground.

The second reason is that environmental issues have become a permanent part of the set of issues that U.S.-Mexico relations will have to deal with over the next few years. This is an area, like human rights, where the citizens are, I would venture to say, out in front of their government.

And the third reason is the obvious fact, as the consul pointed out, that environmental problems have no relation to political boundaries. And, for me, this is important because I think it requires us to reassess traditional notions of national sovereignty. We can look out the back door here and see that communities on both sides of the river take their drinking water from the same river, and they're both contributing pollutants to those rivers. So the role of national governments in this becomes very different.

In practice, what does this cross-border citizen diplomacy look like? I want to give you three examples. The first is in the Brownsville-Matamoros area, which is where the Rio Grande enters the Gulf of Mexico. Many of you may have seen the extensive visual and print media coverage of the environmental problems in this area. They include, and the situation often looks bleak there on both sides of the river, high rates of anencephaly, gastrointestinal and other diseases that are well above state and national

averages. They include uncontrolled or poorly controlled waste-water discharges from both sides of the river. And they include thousands of people living without adequate water and waste water, again on both sides of the border.

But a closer look at the Brownsville-Matamoros area will reveal one amazing success story. Colonia leaders in Matamoros have, for the last few years, been fighting a difficult battle against primarily U.S.-based companies operating in their neighborhoods that were causing pollution. They have achieved enormous success over the last couple of years. Three of the most problematic plants have closed down. A fourth has opened discussions with the neighborhood about cleaning up around their site. And one of the large industrial parks has now constructed a waste-water treatment system. After many years of operation, they have finally put a system in place to treat their waste.

These victories were very hard fought and they came about in part because of the determination and the courage and the savvy of the Matamoros residents themselves. But an important factor was the alliance that those Matamoros residents made with a number of U.S. environmental and religious and even labor groups. The U.S. groups were able to provide them with technical assistance to tell them what kind of environmental problems they were actually facing from these plants, to bring in media and even to bring in U.S. Congressional delegations. And the heightened scrutiny, and the information that the U.S. groups were able to provide, I think, really contributed to the victory of these Matamoros residents.

The second example comes from the Texas side, where Mexicans have come to the aid of their Texas counterparts. And this is a situation, I think, which the consul and many of you here are probably very familiar with. There are three proposed radioactive and hazardous waste sites for Texas, on the Texas side of the border, all of which are very close to the river. One was a radioactive waste site proposed for Kinney County, and this application was recently denied. The second is what, if permitted, would be the largest hazardous waste landfill, and that's proposed for Terrell County. It would be located over a very sensitive binational limestone aquifer. The third is out in Hudspeth County; it's the state's low-level radioactive waste disposal site.

What has been interesting about these is that the state of Coahuila, prodded by Mexican citizens and Mexican environmental groups working with their Texas counterparts, has actually intervened in formal administrative proceedings in Texas against the sites. Now that is fairly unprecedented that the sovereign state of Coahuila is a formal party in Texas administrative proceedings. What is even more impressive is that the state did that

essentially without permission from the Mexican federal government. As many of you who are familiar with Mexico know, it is also unprecedented that a state would take a foreign policy action essentially on its own, without express permission from Mexico City.

These are two examples of cross-border citizen cooperation. There are many more throughout the entire border region, but let me use NAFTA as my third example of cross-border citizen diplomacy. As many of you are probably aware, during the three years of debate over NAFTA, there were a number of binational and trinational citizens' meetings that produced statements or agreed declarations of what an alternative vision of continental economic integration would look like. One of the areas in which there was much agreement among citizens from the three countries was the environmental arena. These declarations were important in my mind because they served as a very powerful countermeasure to the allegations of some U.S. NAFTA supporters that U.S. groups who had expressed concerns about the environmental aspects of NAFTA were merely, in the words of one former administration official, "latter day imperialists trying to keep the Latins down." When we could show that, in fact, Mexican environmental groups had the same concerns about NAFTA, it was a very powerful counterforce to that argument.

But late in the game, unfortunately, these binational relations among citizens around NAFTA, even in the environmental arena, got a little bit rocky. There were two problems. First, the U.S. groups tended to focus very heavily on the need for a trade sanctions process—that is, trade sanctions against a country for failure to enforce its environmental law effectively. This was of great concern to many Mexican environmental groups, even those who opposed NAFTA. The U.S. groups did not have the same sense that Mexican groups had, that the U.S. would try and use that trade sanctions process to punish Mexico, and that the Mexican environmental groups would then be in a situation of having to choose between loyalty to their country and resolving environmental problems. What the Mexican groups pushed for, and I feel that the U.S. groups did not back them up strongly enough on this, was a very accountable and open and democratic trinational environmental institution. Because the U.S. groups failed to back them up on that, I think what we've come away from the table with is a trinational environmental institution that sacrifices democratic and unaccountable procedures for the sake of a very cumbersome and likely-to-be-unused trade sanctions process. What happened is those binational channels that had opened up closed down in the heat of the political moment.

Let me close by offering some questions for discussion. They're questions that I don't have the answer to, but I think that will be very important over the next couple of years. The first is how the U.S. and Mexican governments

will adjust to this new and increasing cross-border citizen diplomacy. I think that as an aside we might expect that this cross-border citizen diplomacy is really going to be fueled by the availability of electronic computer communication techniques, where you don't necessarily have to travel down to Mexico City to make entreaties to your Mexican colleagues. It can be done through very efficient means. But how will the government deal with this new surge of cross-border citizen diplomacy? Are they going to create a space for it, or is it going to be threatening to them?

Secondly, can we work on these new trilateral structures, like the trilateral environmental commission, to have them implemented in a way that provides an effective outlet for cross-border citizen concerns? And I would suggest that if we can't, these new institutions will quickly become irrelevant and lose their credibility.

And, finally, will regional cross-border citizen cooperation, like that in the Texas-Mexico border region, especially concerning shared natural resources, force the U.S. and Mexican governments to reevaluate both their traditional notions of centralized federal control over foreign policy and/or traditional notions of national sovereignty?

Like I said, I don't have the answer to those questions, but I think that the answers will be guided by two new and permanent realities. One is the increase in cross-border citizen diplomacy and the second is that environmental issues are now a permanent part of the set of issues that govern U.S.-Mexico relations. Thank you very much.

Dougherty: Thank you very much, Mary. Our third panelist this afternoon is Martin Siordia. He was born in Aqualulco in Jalisco. He graduated from the University of Arizona, and Boston University. He was in the American army for six years, achieving the rank of captain. And he's worked for small and large manufacturing companies. For the past six years, he has worked for Sony Magnetic Products of America. And he's one of four managing directors of an honest, successful maquiladora. He knows first-hand about the problems that are created for business along the border by environmental concerns. Please welcome Martin Siordia.

III

MARTIN SIORDIA

THANK YOU VERY MUCH, CHRYS. GOOD AFTERNOON EVERYBODY. IT CERTAINLY is a pleasure to be here. I have to tell you I was extremely, extremely nervous coming to such an illustrious group. My three children are from Texas. They were born in El Paso and here in Laredo, so I consider myself a Texan today.

But I feel more comfortable because I know Dr. Kozmetsky, who's visited our facility and who plans to visit again this Wednesday, and a fellow Wildcat in Mary Kelly. I appreciate that. So I'm feeling more at home every moment.

Let me explain, as well, that my perspective this afternoon is one of very personal business experience for over six years here with Sony Magnetics working with the maquila. We have an operation of over 1900 employees producing audiocassettes as well as 3.5 inch micro floppy disks. So these issues that we're discussing today, especially the one of the panel I'm on, in terms of environment, are certainly dear and near to my heart and all of the other manufacturers in this community. I represent as well the Laredo Manufacturers Association. This year I've served as their president.

I'm putting these caveats in to make sure that there are no misunderstandings. I do not represent my company as such, I am going to be representing primarily the Laredo Manufacturers Association. The LMA is a group of about 230 members made up of educators, vendors that sell to the manufacturers in this community, as well as bankers, customs brokers and, of course, manufacturing personnel and government agencies. We're a little over nine years old now. We'll be celebrating our tenth year in May, and one of your other illustrious members, Dr. Cavazos, has been invited to be our guest speaker there, and I'm glad to see that he has already accepted. Thank you Dr. Cavazos.

The main purpose of the organization is to have some sort of a network of information and business relationships for individuals in the manufacturing arena in Los Dos Laredos, not just on the American side. We do have a main theme, and that's education. This January we pledged over \$100,000 for the Texas A&M International University 4-U Foundation and this year we contributed over \$8,000 in personal scholarships to students in the community.

My presentation is going to cover three main points. One is the industry response here in the last three years to the EPA and some of the issues related with that. I'm going to quote some statistics, so that you can see that the environmental concerns are not strictly on the Mexican side, or at least that they're not prominent just on the Mexican side.

The next topic that I'll be discussing will be from a very practical standpoint: what it is I, as a businessman, and other businessmen doing business in Mexico, can do to avoid the environmental problems that we might foresee in the future.

And the last will be just some concluding remarks.

The EPA has been in existence a little over thirty years. And in the last few years, it's taken some new directions in enforcement strategy. They seem to have indicated that they're going to build a strong environmental record to

insure compliance with all of the environmental laws, as much as they can, to assure tangible environmental benefits and make certain that no one profits from environmental crime. We all know how complex and how difficult that is, and responsible corporate citizens should take note that if in fact they are violating the law, they will be prosecuted.

Enforcement actions have really escalated, especially in 1992, which brought civil and criminal cases to an all-time high. As reported by the Bureau of National Affairs, a fourfold increase in criminal fines was assessed by the EPA in 1992. In 1992, EPA's criminal fines rose to \$63 million, and civil penalties to \$78.7 million for an overall assessment of almost \$142 million. Ninety-nine defendants were prosecuted and convicted, and incarcerated, for a total of 99 years. Yes, the richest country in the world does have environmental problems of its own. But we can safely say that environmental problems exist not only in the United States, but in Mexico as well. My point is that those of us that operate in Mexico understand that the problem's complicated.

What do we mean when we talk about environmental concerns? We're talking about the air, water, the soil, any waste disposal, hazardous materials and their disposal, and we're talking about health and welfare issues. However, when it came to time to discuss environmental issues for NAFTA, we included another key issue which was infrastructure on both sides of the border, including housing and perhaps some transportation and highway system issues. When we talk about the environment, most of us think about hazardous materials and all, but in reality we're talking about the full gamut of environment issues.

Laredo and South Texas in general had many environmental and infrastructure problems which had been recognized, yes, but had never really truly been acted on. Laredo, as you may already know, facilitates approximately 50 percent of the trade with Mexico, yet we continue with our transportation and infrastructure, i.e. environmental, problems. We are the artery, that carries raw materials and finished goods, and we're over five years past due in resolving our highway problems.

NAFTA has provided a tremendous opportunity for the U.S. and Mexico to work with private capital investors on infrastructure and environmental issues. Treasury Secretary Lloyd Bentsen reported in mid-October that "this is the best thing I've ever seen done on the border." In his meeting with the Senate Environment and Public Works Committee in October, he outlined a clean-up plan which would create a Border Environment Commission to help communities seek financing for water and waste water treatments, municipal waste disposal, and other improvements. He also stated that a separate border financing institution would funnel private and government money for applications that meet the commission's criteria.

Current estimates predict that in the next ten years we are going to need about \$8 billion to bring the border community up to standards. There are proposals from the U.S. and Mexican governments to contribute monies; supposedly there has already been \$2 billion appropriated by the U.S. federal government, as well as \$1.4 billion on the Mexican side, and Mexico has had a \$2 billion loan approved from the World Bank and Interamerican Development Bank.

Most companies operating in the U.S. and Mexico are responsible corporate citizens. I want to emphasize that. However, given this brief recap of the U.S. EPA's enforcements and the projects in line to improve the environmental concerns on both sides of the border, one can conclude that there are companies and management, both nationally and foreign-owned, that are violating the law and not complying with EPA and SEDESOL regulations.

Now, I'd like to turn my attention to a more practical matter. How do those of us that operate on the border continue to be good corporate citizens about the environment? SEDESOL, as you may know, is the equivalent of the EPA in Mexico. It's a relatively young organization and it's attempting to enforce environment laws which were published at length in 1988. Companies not in compliance in Mexico have had ample time to bring their factories and processes into compliance.

SEDESOL has the power and the authority and comes prepared to shut down a plant if any violations are found during an audit. Two short months ago, I had a five-day review by SEDESOL, at the Sony plant across the border.

I'd like to point out, as the consul has already done, that the environmental laws in Mexico are as strict, if not stricter, than in the United States. The slight problem that they've encountered is the enforcement of those laws. But I can assure you that in the last three years they have certainly improved their enforcement; and they're not just enforcing, but they're training and they're allowing us to have a very good dialogue, so that we understand what the rules are, and they help us to insure that we're within compliance.

For any corporation, or any company, to manufacture in Mexico, the very, very first thing that is absolutely required is that top management be committed and pass that message down to plant directors like myself. I can tell you from Sony's standpoint, that each director and above personally received a letter three years ago from our President Aquil Morita, our chairman of the board, telling us that we had to not only meet and comply with the country's environmental regulations, but to surpass them.

Next, an operation in Mexico needs to insure that it has an individual to manage the environmental program. You've got to have one expert, one who is keeping up with the development of the laws and regulations that are coming on board.

The third critical item is that the environmental manager has got to form some sort of a plant committee consisting of key central areas like maintenance and engineering and the quality and security people to make sure that all of them are in compliance and that they're following the rules and regulations as stated by the Mexican government. They will become the foundation of a comprehensive environmental plant.

After you've established a procedure, the company has got to have a cradle-to-grave mentality. From the time that you bring in any sorts of toxic components or toxic chemicals, you've got to insure that you keep track of them and that you've got them on line, you're controlling them, and you do away with them in terms of proper disposal. You have to insure that you're in compliance with all of the legal permits that are required. Currently about thirteen permanent licenses and permits are required by Mexico, and we've got to keep in line with that.

We have to make sure that we have correct authorizations for each chemical purchased. After the material's purchased, we have to make sure that we follow it through, all the way through the process. We have to insure that we secure the components in their proper storage area. The environmental manager also needs to be active in the testing of the water pollutants, the discharges, the air emissions, the noise levels and air quality for the plant. He or she has got to do that on a continuous basis and be in compliance with the governmental rules. And the environmental manager and the plant committee must have a well-developed relationship with SEDESOL. It's helpful to have an honest and open communication with them.

We also need to make sure that we do not create a big problem at the landfills. We need to make sure that we minimize the waste as much as possible.

I think that the gap between Mexican law and EPA regulations is closing rapidly. Joint EPA and SEDESOL conferences, enhanced inspector training, and supplemented resources have driven SEDESOL to accelerate the implementation of regulations concerning the importation, use, storage, and disposal of chemicals, just as the consul mentioned.

If there are no regulations governing those of us who operate in Mexico that cover a particular component or hazardous material, we must follow the rules of the United States. I think that as we get closer and closer, both governments are going to come up with harmonization of the regulations. I don't think, personally, that SEDESOL's role is any different than the EPA's. I think that there are some chemicals and perhaps some wastes that are currently not classified as hazardous in Mexico, but responsible corporate citizens have no choice but to abide by or even supersede the regulations that are currently on the books.

I certainly hope I haven't bored you with some of the details here, but I'll be honest with you, I think that SEDESOL, in the last three years, as I

mentioned earlier, has done a tremendous job. They have been extremely helpful for all of the maquilas, at least the ones that I represent. We have an environmental subcommittee within the Manufacturers Association which works very closely with SEDESOL across the border. Without a clean environment, we're going to have problems, not only for our corporation or corporations, but for the two communities—the United States and Mexico. Thank you.

Dougherty: Let us have your questions now. Remember, please use the microphone and identify yourself.

Fehrenbach: I live in San Antonio. However, I want to address particularly Mary Kelly and actually all of the panel. I own some miles of riverfront to the east of Brownsville-Matamoros, in that area in which the river turns from a clean place to something that glows in the dark and you can smell it a hundred yards away, and also directly across from a village controlled by a major local drug lord, and also a suspected ocelot/jaguarundi habitat. With all of that, I consider myself a complete expert in cross-national border relations. Some of you may not know what this means. If an endangered species is suspected anywhere around, (I don't think we've had an ocelot or a jaguarundi on the property for a hundred years) but people down there are going around with traps looking for one.

Having given you my background I wanted to agree strongly with Ms. Kelly on the importance of these various cross-border, cross-citizen contacts. I'm speaking my personal opinion now. For most of their history, the two governments in question have never been of much help. Years ago, when the pollution started, you know this is not a new thing, and the river got to where nobody would eat the fish in it and so forth and all, there were continual complaints made to Washington, and they just didn't want to talk about it. Complaints were made to the government in Mexico City and to the consulate and they were not much interested in what was going on. So, many, many things worked out fairly well when we could operate with other people. For example, last October, a body was discovered on my property. The former drug lord had been shooting people and throwing them in the river, sixteen to date. They brought this one over on this side and buried it, which meant that for ten days I had forty federal agents cluttering up my property doing nothing. The police on the other side were much more effective.

I think it's both governments that basically are not much interested. We haven't seen results yet. At some point, I think the river will be clear again. I would hope so. The Hudson River was a cesspool twenty years ago and now there's fish coming back into New York. But things like this are going to

require a lot of border cooperation. When the mayor of Laredo was giving these awards, it did cross my mind that maybe our real answer is a new Republica de Rio Bravo. Thank you.

Dougherty: Yes sir.

Story Jr.: In the United States, we've noticed that as our standard of living increases, the amount of energy that we use and the amount of products that we consume really increases. And as we talk about NAFTA, which we hope will increase the standard of living of our neighbors to the south as well as the United States, and we also look at Mexico's very rapid population growth, I wonder if there's been discussion in the NAFTA accords about population growth as being an important component in not only how many unemployed people we have, but how much greenhouse gases we produce and how many toxic materials we have to cope with.

Kelly: There's certainly been no discussion in the NAFTA debate of the population issue. I think you bring up an important issue about the differences in consumption levels, and let me just give you one example that's out there on the horizon in the El Paso-Juarez area. The cities of El Paso and Juarez, and even their New Mexico neighbors, are basically racing each other to the bottom of their groundwater aquifer out there. It's being drawn down twenty times faster than it's being recharged. It is a very rapidly growing population. But the other fact that is often ignored is that per capita water consumption on the Mexican side is about a tenth of what it is on the El Paso. And we really need to begin addressing the consumption problems in the U.S. because as Mexico grows economically, its consumption levels are going to go up. And right now there's certainly not an institution in place to address that, and nobody in the U. S. wants to renegotiate our water allocation treaty. A lot of people in Mexico want to renegotiate the 1944 water treaty in which the U.S. got a great deal. We not only got half of the Rio Bravo, we got one-third of Mexico's tributaries that come into the Rio Bravo.

Dougherty: Any other questions?

Hernandez: If there's no other question, I would like to make a comment on Mr. Fehrenbach's remarks. It's important to keep in mind that the two administrations are spending public resources as never before to attend the problems of the environment on the border. In the case of the biennial term, 1992-1993, the United States administration has spent roughly \$241 mil-

lion, and the Mexican government has spent \$460 million U.S. dollars. Never before have the two governments allocated such monetary resources to the border, just for matters of environment and infrastructure. Also, it's important to keep in mind another field. For the first time in 1993, Mexico has reached the figure of 1 percent of gross domestic product completely devoted to environmental public policies. With that trend expected to continue, Mexico will rapidly become a partner in terms of all the developed economies, and the spending resources.

Kelly: This brings us back to something that Thea Lee pointed out this morning, and that is, even though I think that the pressure of the NAFTA spotlight forced the U.S. to allocate some of these monies to the border, the problem is we're basically going to have to fight those budget battles every single year, because we've not identified a sustained source of revenue, such as a small cross-border fee to fund these needs. We're going to be fighting these battles every year, and I can tell you from being in these Congressional debates that northeastern Congressmen don't want to give any money to the border. They have their own needs, and given the budget problems we have in the U.S., money for a new program is going to come from existing programs. Now, there was a lot of criticism of the cross-border fee because people said the whole objective of a free trade agreement is to reduce our tariffs, so why are we putting a new tariff in?

First of all, the cross-border fee that was being spoken of was very small, a quarter of a percent of the trade between the two countries. Secondly, this is not a free trade agreement. It's a managed trade agreement. The exceptions in this free trade agreement are almost as extensive as the lowering of trade barriers. So there's some intellectual inconsistency in there, but the bigger problem was there was no other source of revenue identified that would be sustained and independent. So, while we have this new border environmental cooperation commission, it's capitalized by \$225 million paid-in capital from the two countries (of which, I will remind you, only \$56 million has actually been approved). We're going to have to fight for the money in the U.S. We don't have a good sustained source of revenue and I would venture to say that in the next few years, that's going to be a problem. And Texas is really going to have to increase its leverage in the U.S. Congress to get that money.

Dougherty: Are there other questions? If not, I take it we can give them a coffee break?

Krueger: Perhaps we can come back early since we're going to be leaving earlier than expected for coffee. It's 2:45, why don't we try to come back at 3:00? Thank you.

DISTANT NEIGHBORS: THE UNITED STATES AND MEXICO IN THE YEARS AHEAD

FRANK WOZENCRAFT

FELLOW PHILOSOPHERS. IT'S ABOUT TIME TO TURN OUR BUSINESS BACK TO THE matter at hand and to look at the broader and, therefore, more philosophical aspects of NAFTA. What will its effects be on the United States and Mexico as distant neighbors, a relationship with which those of us in Texas have been familiar for a long, long time? It would be interesting if we could resurrect the philosophical views of our founding fathers from 1837.

We're particularly fortunate today to have two really eminent luminaries to discuss with us the broader aspects of NAFTA. Their own broad experience and their own perspectives bring to us as appropriate a combination as we could hope for in our program today. Everybody already knows Walt Rostow unless they're very new to both Texas and this Society, and if anybody ever needed no introduction, it is he. However, I do think a few things are going to need correction in his biographical data, and they need a little bit of updating.

Before I get around to that, I would like to introduce and hear from Adrian Lajous, who will tell us of how all this looks from the standpoint of Mexico. Now, Mr. Lajous's write-up also needs a bit of amplification because it tells you many fine things about him, but it leaves a few things unsaid that I think really deserve to be said.

I learned the following from a good friend in Mexico, who like everyone else there has a very high regard for our speaker. Back in 1982, he had risen through a very eminent career to the position of chief executive of the Foreign Trade Bank in Mexico, making him one of the forty-three members of the expanded cabinet of President López Portillo. At the end of August and the beginning of September, unknown to just about everybody, López Portillo was deciding that the banks should be expropriated. He called on the extended cabinet group to vote on this, and each one to sign the expropriation declaration. Señor Lajous refused to do so. He was the only member of that group who did. And I suppose that's how he became a columnist. I think you can see that here we do have a couple of truly veteran observers. Mr. Lajous is, of course, entirely Mexican. One great-grandfather came over from France. The others were already here in Mexico. He did, though, spend some time in the United States in both junior high school and high school in Los Angeles and Chicago. When President Díaz Ordaz came up to meet with President Johnson in 1967, back in Ambassador Jim Jones's days in the White House, he brought Señor Lajous with him as his interpreter. So, even then, he was well aware of the relations between our two countries. There's really nobody that we could find more qualified than he to speak with us today on this topic. Señor Lajous.

I

ADRIAN LAJOUS

I AM A CERTIFIED EXPERT ON NAFTA. I BECAME ONE BY READING MY OWN articles on the subject. Since I've written twenty-seven articles on NAFTA since 1988, now I'm a real expert.

When I was in school in the United States, I learned about the Sahara Desert from movies like *Beau Geste*, and I saw that Sahara was all sand dunes. So it was a great disappointment to me when I first went to the Sahara and I couldn't find the sand dunes. It's not really as bad as they say, it's just a dry country, arid. But wherever there's water, there's all sorts of agriculture.

Well, we have a Sahara Desert in North America, only it's larger. When Mexico became independent, much more than half of its territory was desert. The desert in Mexico has been reduced now because the American army was kind enough in 1846 to 1848 to relieve us of the burden of patrolling and policing the immense desert that included Texas, New Mexico, Arizona, California, Nevada, and slices of Wyoming, Colorado and Oklahoma. Therefore, we don't have that problem now. The unfortunate thing is that the gringos, that is, your ancestors, were very diligent and they found that there was water under the ground if they dug deep enough, and now a great part of that desert is very productive, including Texas.

Speaking to the joke that Ambassador Jones made when he spoke, somebody asked a former minister of finance of Mexico at the university what he thought about the news that was coming out of California that claimed they wanted to buy lower California. Minister Silva Herzog thought about it for a second or two and replied, no, that idea won't fly, you can forget about that. But it's not a bad idea that we repurchase California from the United States now that they've paved it.

So we don't forget what happened in 1846. Foreign Minister Castañeda said, "we cannot forget, but we have to bury our dead." He was right; we can't live with them above ground. So we have indeed buried them, and though in every Mexican there is still a feeling for the fact that we lost half of our territory, it's sitting way deep inside, it doesn't come up to the surface unless duly provoked. And this is something that you must take into account now that you're going to be in more constant contact with Mexico.

Well, anyway, this Sahara Desert is the one we're trading with more than anything else. We still have our own Sahara. We haven't really found enough water, so all our border states, with the exception of very few spots, are quite arid and still much more deserted than your side of the border.

This takes us to the present. What are we going to do together? First, we had to take the very big decision. We had previously decided that the only

way we could industrialize was through protectionism. And I think we were right at that stage. After the second World War, there was no way to create industry without protection. So it was decided that while the industry was young, it had to have protection, and the problem was that forty years later, that industry was still an infant sitting in its mother's lap. And we had become very inefficient and with a very terrible distortion in the interior relation of prices in Mexico. Prices had nothing to do with the market, but merely with the capacity of the producers. If the producers were inefficient, the prices were high, because it was all passed on to the consumer. And the input of other industries made industry inefficient, even if it wanted to be efficient. And we reached the end of the line in the protection routine. We decided we had to get rid of it. Before we even thought of taking part in NAFTA, we decided we had to open the border. We opened the border for our own purposes, because we needed, first, to reduce inflation, and, second, to eliminate the artificial pricing system that resulted from everybody passing his costs on, no matter what his efficiency was, whether he should be in business or not. So it was not NAFTA that led us to open up our border, to reduce our tariffs, and to get rid of the import permits which gave unlimited protection to many industries that shouldn't exist or to people who should not be running them.

In 1988, I became one of the founding members of NAMI, the North American Institute, with headquarters in Santa Fe, composed of people from the three countries, and I started talking about NAFTA, but I said that it was impossible. It would not fly in Mexico for many years. If you were to stop one hundred people in the street in Mexico City and ask them, would you join the free trade agreement with the United States, ninety-nine would say of course not. It wouldn't be one hundred because I probably would be one of them. I said I felt that we should go ahead. This was in 1988; in 1989, the government changed its mind and decided that it could, and should, have free trade with the United States. And the question today is, were we right or were we wrong? Those of who were in favor of NAFTA focused on the favorable aspects, and didn't spend enough time focusing on the unfavorable aspects, the dangerous aspects, and we have to do that now. And this is what I've been doing lately in my articles, trying to speak about the dangers that we're running.

We were surprised and disappointed when we found resistance in the United States, because we had been preached to by the United States for years that free trade was necessary and it was good for us and for the whole world. When we finally made up our minds and decided to join, we thought we were going to be met with applause, but found strong opposition. It seems that the elephant is scared of mice. I think that the United States has been having, in the past year or so, an existential crisis, where some people are

afraid. They're afraid they've lost their competitive edge, that the United States can't even compete with Mexico, much less Japan and the rest of the countries. And I was convinced that NAFTA would not pass in Congress just the day before it went to Congress. But I think that the principal reason it passed, or the straw that broke the resistance's back, was President Clinton's address where he, in effect, said that America stands tall, walks tall, is still the most competitive country in the world, the most efficient country in the world, and it's still the great exporter in the world, which is the best proof of its competitiveness and perhaps was enough to convince some of the grassroots that it wasn't true that you could not compete with Mexico. But it's we who have to think about whether we can or cannot do it. We have been competing with the United States in certain things, and most important exports of manufactured goods are produced by transnational corporations. Which means Mexico can do it, but we have to learn to do it the way the transnational companies do. We think our labor is just as good as any labor in the world. It's management that is our weakness, and marketing. We must pull up our socks and do something about it in the coming years. And we have not very long to go. It's fifteen years at most before we're to have completely free trade. And it'll be freer every year as we go along.

Now, as to our capacity of doing so if world-managed and world-financed and world-marketed, let me give you this data. Petroleum and its byproducts dropped from 1985 to the third quarter of 1993 from 55 percent of total Mexican exports to 15 percent. This was due in part to the fact that petroleum dropped in prices, but it's also because we raised our manufacturing capacity. Let me give you more data. From 1989 through the ending month of 1993 this year, Mexico's non-petroleum exports increased 84 percent. This rate is greater than the growth of exports during the same period of the four Asian tigers—Hong Kong, Korea, Singapore, Taiwan—which was 57 percent. That is, in this period, we increased 84 percent and the four tigers increased 57 percent. Our exports increased more than the rate of growth of imports by our principal commercial partners. That means that we have increased our penetration of their markets. Our penetration of the United States has increased, and it has increased in other markets, also. Furthermore, we have increased exports while increasing real salaries 19 percent in that period. There's been much talk of the fact that salaries dropped in Mexico in real terms. And they did, indeed, during almost all of the administration of Mr. de la Madrid, as a result of the excessive debt incurred by his predecessor. But they've risen 19 percent in the past five years, which isn't very much in real terms, but it's still a rise in salaries, and in spite of that rise in salaries, we have been increasing our penetration of other markets. So we do have the capacity, if we know how to manage it. And this is what we have to learn. We can't afford to have just the transnational corporations

export, and while it is true that the majority of our exports of manufactured goods have come from transnational corporations that are exporting to themselves, many truly Mexican corporations, 100 percent Mexican owned, are doing so, too. And the problem is to do it more rapidly than we are doing it now.

Let me tell you one other disadvantage we have with regard to the United States. Let us suppose for a minute, to simplify things, that both of the countries decided to double their exports to each other as soon as possible. All the United States has to do is turn up the capacity a little. You have excess capacity. You're not working at 100 percent installed capacity in your industry, so you have enough room to just turn up the key a little and very rapidly, if you find the purchasers, you could double your exports. Whereas we don't have the capacity. We're working 100 percent in most industries, 100 percent of established capacity, and in order to double our exports we will have to invest heavily and very rapidly, and rapid investment isn't really possible. It takes about three to four years, at least, before you're through construction, hiring, training and raising the training curve, where you're at full production at lower costs. It takes us some time to do that, and some investment which we haven't got which we're looking for elsewhere, particularly in the United States.

Now, during the fight for NAFTA, Mr. Gore told Mr. Perot and others have told the American public, that you will increase your exports to Mexico, and you will indeed, but up to a certain point only. For two reasons. The first is that we cannot pay you unless we earn money from our own exports. We have a trade deficit, and we will continue to have a deficit, and it's a good thing. In order to grow, a developing country must have a deficit in exports vis a vis imports. If it doesn't import more things than it exports, it's not growing. You can only grow through import, as long as the imports are of machinery, raw materials, and intermediate goods. And we are increasing in these things. However, it's only to the extent that we do increase that we'll be able to increase imports from you. So, although we will seek a long-running deficit, it has to be one that we can finance, and the only place we can really finance the deficit from is new investments. Because we have to pay for it in foreign currency, not just with our own currency. So it isn't true that you'll grow very much in your exports unless we grow in our exports, too, but they will be less than you export to us. And, as I say, that's good for a growing country. It may not be good for a country that has reached full industrialization, but it is necessary for a developing country.

This is one of the challenges and one of the limitations. Furthermore, there will be a limitation investment in Mexico. You can't just run to Mexico and set up a plant anywhere. We have infrastructural limitations. We don't have enough water, we don't have enough electricity, we don't have enough

sewage, we don't have enough ports, we don't have enough bridges. You've all seen the lines of trucks trying to cross the border here. Well, this is because of the infrastructure limitation of the crossing, the number of bridges, warehouses, sidings for the railroad cars, and this is true all over Mexico. We have spent ten years, practically, without putting money into infrastructure. We were overloaded with debt. So we can only grow at a certain rhythm in investment, even if the investors want to come.

So NAFTA is going to have its effects over a period of twenty or thirty years, which is what countries should look at when they make decisions. Not even fifteen years will be sufficient, because there is a limit to what we can accept in investment. We have only begun, as Ambassador Jones told us this morning, to spend on infrastructure, and it takes a long time. You can't have an infrastructure overnight. And it's a very broad spectrum of needs that are necessary in order to accept and digest foreign investment in continuing large amounts. Furthermore, every dollar that you bring into Mexico, we have to pay for it with Mexican pesos, and we haven't got them either. We've either got to borrow them or print them, and both are destructive to our economy. As it grows, we can afford larger debt in absolute terms, as long as we don't increase our debt relative to our own economy.

So you see there are limitations to the effects of NAFTA, and I don't think anybody should be scared that tomorrow or the day after either country will flood the other with all sorts of exports. There are limits to it, there are limits to growth, there are limits to an economy. Growth is not too rapid, it must be an almost organic process.

Talking about the organic processes of growth, we must understand this also about NAFTA's limitations. You cannot create trade by signing a piece of paper. There must be trade before you start talking about it, or try to regulate it or deregulate it. There is trade between Mexico and the United States in spite of the governments, not because of them. In the 1870s, when the first railroad men wanted concessions to build north-south railroads, the president of Mexico, Sebastián Larado de Tejada, turned them down saying between strength and weakness, the desert. And this is the desert, the Sahara I was talking about, that divided us, and we were indeed distant neighbors. As a matter of fact, we weren't neighbors at all. There was almost no contact between us, because of this desert which was practically empty.

It wasn't until the 1880s, when the new president, Porfirio Díaz, started allowing railroads to be built, that we started to have contact and real trade. Porfirio Díaz encouraged trade with the United States in order to balance it against the trade with Europe. Practically all our trade was with Europe, and practically all of it through the port of Veracruz, so Díaz welcomed the United States to have more equilibrium in our foreign trade. But he changed his mind twenty or thirty years later. He lasted thirty-six years as president,

by the way. About twenty or thirty years later, he changed his mind. There was too much trade with the United States, and the foreign trade policy of Mexico was to diversify, find other sources of purchases, other places to send our merchandise.

I went into foreign trade in 1952. It was my first incarnation in the Foreign Trade Bank, which I was to be connected in one way or another for thirty-two years, the last three as chief executive officer. When I joined the Foreign Trade Bank and started to study the problems of foreign trade, I found that it was a definite policy of the Mexican government to trade with others as much as we can, and not so much with the United States, because at that time, 63 percent of our imports and exports were with the United States. Through the years I spent in government, we worked very hard to trade less with the United States and much more with the rest of the world. And because of that strong effort, we found that now it wasn't 63 percent, it was 70 percent. So, finally, the Mexican government reached the conclusion that if you can't lick them, join them.

We decided to give in to reality. We're neighbors now. The desert is no longer a desert, or if it is, it can be crossed by airplanes and by railroads and by automobiles. So we are neighbors and that makes us natural trading partners. And we have become so in spite of the government's policies. We gave in to nature and to reason and began to understand what the world was like. And we decided to join you in being partners in trade as much as possible, so much so as to have a free trade agreement with the United States. This was a very courageous decision on the part of the government, and it was a very rational decision, and now that we're in it, we can no longer understand why we were so convinced that we had to have less trade with the United States, and more with the rest of the world. Trade between us is a natural, it's something that grew organically. And this is the only valuable trade relation that exists, not the artificial ones that Russia can undertake with Cuba, for instance. That has no logic to it; 10,000 miles of separation and the two political systems in different part of the world. That has no rationality, just as our trade policy had no rationality for a hundred years. There was a rationality at first, where there was a desert between us, but if there is no longer that desert, we must trade together. We must understand that, and we must understand that the free trade agreement is looking for free trade, and not ways to stop it. We have decided for our own reasons to reduce our barriers to free trade, and the United States has always believed in free trade, has always preached free trade, and always practiced free trade—except when it has found competition.

The main reason I was pro-free trade was not that it would really do anything for us except take away from you the absolute unilateral power to cut off free trade whenever you felt one of your protected industries, one that

had clout in Washington, was feeling the hot breath of competition coming behind it. You have done that with all sorts of conditions, all sorts of situations, voluntary "quotas," dumping accusations, that were in effect prohibitions of trade because once the international trade commissioner in Washington got a phone call from a Congressman, he would begin a procedure that would eventually lose in the International Trade Commission. But the very minute the process began, the importer had to deposit a bond that he would pay retroactively whatever compensatory duties were decided on by the International Trade Commission. And that meant that they immediately stopped importing. This constituted harassment that stopped Mexican imports flat whenever it came up. Two or three years later, the Trade Commission would say, "sorry, it was a mistake." But by that time, they'd ruined the producer with tariffs that would go to 50, 60, or even 100 percent. So this is the real reason some of us, at least, wanted a free trade agreement, not because it in itself would increase exports, but that it would at least make it more difficult for the United States government to impose trade restrictions. It will have to go through a process before an international body and not a unilateral organization such as the International Trade Commission in Washington.

How will it work? It needs political will in order to be put into force. If there's not political will, the free trade agreement won't work. You will find ways around it. Anybody can find ways around it. My recommendation is that those of you who believe that free trade with Mexico would be good for the United States in the long run, should be very aware and very aggressive toward those who want to "voluntarily" arrange for us to stop as we did at the end of the free trade agreement to protect some of your pet industries—the ones that feel that they have a right to be protected permanently and forever. I've always felt that the United States was trying to turn itself into a third world country by insisting on protecting third world industries, which shouldn't be in the United States.

The history of trade shows that as technology advances, the advanced countries advance with it and leave behind the ones that have not changed their technology. Look at the history, say, of cotton. For centuries, Flanders was the most developed country producing cloth. The word Fleming in England didn't mean somebody from Flanders, it meant somebody who was an expert in weaving, because they imported their technicians from Flanders. Then the industrial revolution came and England became the number-one producer of cotton. But all of a sudden there was an upstart that came along by the name of New England, and produced cotton more cheaply and more efficiently than England because it had water power. The center of cotton production moved to New England. But soon another upstart came around, and that was the south of the United States. They had better labor conditions, so the cotton industry moved to South Carolina and North Carolina and

Georgia. Then it moved across to Japan. The Japanese became more efficient and they lowered costs. Then it moved to Hong Kong and to Singapore and to India. And today the Indians are very proud of the fact that they existed as a colony merely to be a market for British cotton, and today they are selling their cottons in Manchester. In Manchester, you can buy Indian cottons that are cheaper and just as good as the ones that are made in England. There are forces that move industry because of technological advance. The third world inherits sundown industries as the first world progresses to sunrise industries. This was so until the 1930s. And then the United States decided to stop the flow of the old industries away from this country, to have the high tech and the low tech industries, but you created an underclass to occupy these low tech industries. And I think that was a mistake, and I think it's greatly to the advantage of the United States to concentrate on the higher wages, the higher technology industries in which you are the best prepared, because you have the right combination of highly skilled people, a high number of people in educational institutions, and you have capital. You have everything necessary for industries that need to change their machinery and their methods every few years. You have a great advantage over other countries, and you should concentrate on that instead of trying to keep the third world industries here.

This agreement, NAFTA, is a step in that direction, and I think it's good for the United States, not only in the short run but in the long run. I think it's very good for us in the long run and it forces us to become efficient. But in the short run, I think we have the short end of the stick. We're going to have problems, and we're going to have to work very hard on them, and we don't have much time. Thank you.

Wozencraft: Thank you very much, Señor Lajous. You can see why I enjoyed lunch so much with Señor Lajous. I hope that you'll indulge yourselves with the opportunity to visit with him during the remainder of the meeting.

Now I mentioned earlier that Walt Rostow's resume here needed a change or two. That's not because of inaccuracy. It's just that there are always things to be added. You can't say enough about Walt anyway, in the limited space available. But I do want to add a couple of things. The first is one of clarification. When I saw the word Professor Emeritus, I was taken aback. I thought, Walt Rostow going emeritus? Retiring? I can't believe it. Walt straightened me out. You can still teach while you're emeritus, and he is doing so busily. Another change is that one area on which he's spending about 30 percent of his time, as I understand it, along with Elspeth, is not listed here yet. And that is the Austin Project, on which both of them are

doing yeoman's service and helping attack the problem of undereducation in the less-prosperous parts of Austin. And I haven't heard the details, but it sounds like a fascinating program.

It was a great pleasure for me in 1990 to introduce Walt as a keynote speaker on our philosophical program in Houston. And it's a great pleasure to introduce him today as our anchorman. Professor Walt Rostow.

II

WALT ROSTOW

I TOLD YOUR CHAIRMAN THAT THE AUSTIN PROJECT TAKES ABOUT 30 PERCENT more time than I spent when I worked in the White House. It's an absorbing adventure.

I'm going to make four points today, which I'm afraid baffled the chairman when he asked me what I was going to say. One of them concerns David Hume, which is highly appropriate as the opening point to make in the Philosophical Society. Another concerns Seattle. A third, the fourth technological revolution. And the final one concerns unemployment, but it leads up to a linking of three notables at the end: Ms. Lee, Ms. Kelly, and someone who hasn't spoken to us but might very well have, Dr. Kozmetsky.

Now for David Hume. David Hume was not only a philosopher, a historian, and a psychologist, but he wrote about a hundred pages of economics in short essays which I'm inclined to think are as good as anything ever written in economics. He addressed the problem which is at the heart of the U.S.-Mexican relationship and the NAFTA treaty in terms which I find better than anyone who has written about this problem since. He asked this question in the middle of the eighteenth century. What is the correct relationship between a more advanced and less advanced country?

His answer went like this. The more advanced stirs a "fermentation," as he said, in the less advanced. The less advanced picks up some of the technological tricks and begins to produce things it formerly imported. Indeed, it begins to export some of those things to the more advanced country. What is the correct relationship?

He was fighting, of course, against the doctrines of mercantilism. Mercantilism would have counseled that the more advanced country throttle the little bastard in the cradle if possible. That proved impossible, historically, and he asked what the correct relationship should be. In a dynamic linkage, the less advanced will, it is true, continue to come forward, pick up certain industrial tricks and begin to export things it formerly imported. But the more advanced country had certain inherent advantages. If it continued to improve its technology, it would find the less advanced country an excellent

market, and both could profit by an open trading system. This is the peroration to his argument, which I still find one of the best statements in the body of economic doctrine:

Nor need any state entertain apprehensions, that their neighbors will improve to such a degree in every art of manufacture, as to have no demand from them. Nature, by giving climates, and soils to different nations, has secured a diversity of geniuses, their mutual in recourse and commerce, as long as they all remain industrious and civilized. Nay, the more the arts increase in any state, the more will be its demands from its industrious neighbors.

And that, indeed, is what the NAFTA treaty is about. But “remaining industrious and civilized” compresses, as Hume often did, a great deal in elegant language.

We’ve had several pictures drawn today of what the situation is in Mexico. We have had, for example, the view of the ambassador. He portrayed, I think quite accurately, the historical state of Mexico from the point of view of the stages of economic growth. There does, indeed, in the successful developing countries, come a moment in which they begin to move perceptibly towards the norms of a more advanced country. The three areas can easily be cited. One of them was not, but it might well have been: the demographic revolution, when the birthrate begins to fall quite rapidly. That is beginning to happen now in Mexico; although the population increase is great still, because of the age structure which arises out of the past.

The second is a movement towards democracy. As the middle class grows—incidentally, that was very much the situation in David Hume’s England—it begins to exert its authority and strength against autocratic rule. The movement towards democracy takes place, and a noisy passage it usually is, although a sophisticated and gentle one, relatively speaking, as it is in Mexico now. And it’s happening in South Korea; it’s happening in Taiwan; and it’s happening in other places. It is at this stage, when the country begins to feel that it has the prospects and is confident, and that it can make it all the way to advanced industrial status, then it begins also to take the environment seriously; and social services more seriously; and infrastructure, and all the rest.

Well, that is the state of Mexico in my judgment, looked at historically.

On the other hand, we have the argument of Ms. Lee and Ms. Kelly that we must keep the pressure on, to keep them moving in those directions. And on their side, it should be said that these historical trends, which I just evoked and which Jim Jones carries in his head quite correctly, don’t take place

without the effort of individuals. I would simply say, having worked with developing countries—inside them as a colleague and outside from the position of the American government—I think that the effort of people outside to negotiate these changes or force them is much less likely to be effective than the forces that are generated inside. These countries are not so far from colonial or neocolonial situations that they don't resent excessive lectures from outside as to what they should do in making this very important passage towards advanced industrial status.

This difference in perspective as to how we should behave towards Mexico—and, indeed, towards other countries as they make this transition—lay behind the interesting discussion this morning which began with Ms. Lee's statement to us.

Now, what about Seattle? I was really grateful, because I planned this, to hear Mr. Lajous remind us of what it takes for Mexicans to bury their dead and put behind them the long history of pain that they have experienced from this rather extraordinary monster to the north. I've had the privilege of working closely with Mexicans on economic development, and I think I understand with sympathy what it is that they are burying.

I would only add that what they are doing now is a model for the world. We have a choice all over the world in favor of tribalism. Politicians evoke almost unbearable memories from the past. From that you will only end up with Yugoslavia or the tragedies to be observed elsewhere in the world. It's only by looking forward, as we are now with Mexico, that we are going to make a decent world for our children and grandchildren.

Mr. Lajous, who knows the United States well, is like a Monterrey businessman who worked about twenty years in the United States. I talked with him for about an hour. He said bluntly to me: You're an economist, tell me, are we going to be overwhelmed. In my generation, we cannot evade the fear that tying up this way with the United States will simply overwhelm us. I told him why this generation is correct in looking at the United States and the world with confidence.

But why did I say Seattle? Because I'm not sure that the meeting up in Seattle in which Mexico formally joined APEC, the Asian and the Pacific Economic Corporation organization, may not have as much importance in the history of Mexico as the North American Treaty. And the reason is that this is going to bring Mexico into a natural relationship with a part of the world where it really belongs, with Asia and Pacific, as well as with Canada and the United States. And it's going to profit by finding itself among this remarkable group of countries that have on the whole modernized with such grace: South Korea, Taiwan, and now, to everyone's astonishment, Thailand. Thailand is breeding, for the first time in history, its own entrepreneurs.

And so is Malaysia. Indonesia has moved into takeoff. And of course the most important thing in the world is what's happening in the south of China. For Mexico to be part of this large world is, I think, going to make U.S.-Mexican relations easier. They will not feel so tightly locked in. They will see that Mexico will shortly, in the next generation, emerge on the world scene as a mature industrial power.

I saw, I guess in *Business Week*, an article referring to the president of General Electric who said the three most interesting countries at the present time are India, which is greatly underrated in the United States, China, and Mexico. And that is the proper destiny of a country which is well along now in the drive to technological maturity.

I often thought in the sixties, when I worked with my Latin American friends, that they should be looking not only to the Alliance for Progress and ties to the United States in the OAS, but to the OECD in Europe. I dare say Brazil, when it gets its house at home in order, is going to be in the OECD before long and perhaps Mexico also. I think that is the destiny of the big Latin American countries certainly to be closely tied to the United States, but not exclusively.

And now my third point, the fourth technological revolution. I won't burden you with what the other three were, unless you want to ask me about them, but this fourth one that began to take shape about 1975 is unique in the technological history of the last two hundred years. The first two of these revolutions were not closely linked in a direct way to basic science. Basic science had powerful oblique effects. The third, which came at the turn of this century, involved the automobile, internal combustion engines, chemicals, and electricity, and began to make linkages with science, notably electricity, the new chemicals, and, to some extent, aircraft. But it is only in this technological revolution that we have a close linkage to fast-moving areas of basic science. This is the one that has high rates of obsolescence and it is so diversified that no single country is going to dominate as Britain did in the early stage of cotton textiles, or the United States in the early stage of the mass automobile. I think that the cotton revolution is so inherently global that the image of three great currency blocs, independent of each other, is a bit like fighting the last war. This is a different affair, and, as I say, these new technologies are inherently global, and if you don't believe me, just look at the volume of trade in these highly diversified high tech fields, the number of cross-national and cross-regional manufacturing arrangements that are happening every day.

This means, incidentally, for the United States to be industrious and civilized that we maintain the highest possible momentum in both creating new technologies and making sure our basic science is protected from

inroads at home. We shall have to give great freedom for imagination to play, to hit dry holes, and to find exciting new areas which can be developed. It means that the pace of translating new technology—new ideas and scientific concepts into technology and commercializing them—is going to be fundamental if the United States is to meet the Hume criteria of being “industrious and civilized.” And it’s not only Mexico that’s going to be a legitimate competitor with the passage of time, nor Japan, nor Korea, nor any of the people we talk about normally; but it’s going to be India and China, each of which will probably have, if the environment holds up, a billion and a half people by the middle of the next century and command of all then existing technologies. That’s going to be the central problem in the time ahead.

Now, finally, I want to say something about unemployment. I don’t regard myself as an expert on the politics of NAFTA, but as nearly as I can make out, the reason for its near failure was the high level of unemployment in the United States, and fear for jobs. If we had, as we did in the 1950s and 60s, unemployment between 4 and 5 percent, there would be no question about the passage of NAFTA. It was the anxiety in this transitional period we’re in, a transitional period which embraces at the moment not merely the United States and Canada but all of Europe and Japan. In this period, there’s great anxiety. On the American side, if NAFTA is to work we must avoid a phase of reactive protectionism which can have profound security and political, as well as economic consequences. We will have to get our unemployment levels steadily down to something under 5 percent. The fear that’s generated by insecurity about jobs is corrosive of almost every positive aspect of behavior in foreign policy.

I hesitated to raise what I am about to raise because I’m going to talk about the inner-city problem in which I am greatly involved. But it is relevant. Take Austin. We have about 4.3 percent unemployment on average. But in the inner city, it’s 10 percent; and for the young people I’m most concerned with, and you’d better be most concerned with, aged sixteen to nineteen, it’s 30 or 40 percent. And I don’t know any social policies that are going to work in a context in which young people are unemployed on that scale. The answer has got to be to harness the driving force that lay behind Ms. Lee’s and Ms. Kelly’s expositions. They’re both talking about the environment and the anxiety about the working force and the pressures of those who are losing their jobs or fear to lose their jobs. They’re talking about a situation in which this country has been living off capital for twenty years and more. It’s human capital; but it’s also school buildings, it’s the equipment in schools, it’s physical capital of every kind. And I’m worried about the capital that we are wasting in a dreadful way in our inner-cities, a country where 40 to 50 percent of those entering the working force are Hispanics and African Americans, who have high dropout rates and high rates of incarceration,

especially among African Americans. We are being wastrels in dealing with this, our most precious human capital. And we've been wasteful of our physical capital as well. What we need in this country is to drive the economy back to authentic full employment by having a phase of capital replacement and building and gaining the confidence that will come from that fact.

I think of George Kozmetsky, one of our members, working with extraordinary effect to get our educational and governmental institutions conscious that the generation and diffusion of technology is absolutely fundamental to every economic, social, and foreign policy objective to which all of us would adhere.

I went up to Yale to talk about the Austin Project recently in a seminar. I said that the problem of the inner-city and the weaknesses in our employment situation are fundamental to all the key elements through which we and western Europe and Japan are passing. We shall have to deal with this problem if we are to make the most out of this NAFTA treaty and to make our way as a vital society in the highly competitive world of the next century.

Wozencraft: Walt, thank you very much for sharing your thoughts with us. It's time now for some questions and answers, and isn't it a luxury not to be fighting the clock. Any questioners. Yes, sir.

Doyle: Señor Lajous, I'd like to address this question to you. I have read that the inevitable result of this NAFTA treaty would be a greater urbanization of Mexico. And I'm wondering, in light of what Dr. Rostow just said about our own inner-city problems and our urban problems in general and the mushrooming of the City of Mexico and other industrial areas, how will NAFTA affect that? Positively or negatively?

Lajous: I'm not sure I heard you well.

Doyle: Señor, I was wondering if the inevitable result of NAFTA and free trade will be the acceleration of the urbanization of Mexico. Do you think that's a good thing in the long haul for Mexico?

Lajous: I would remind you that urbanization and civilization are synonyms. Civilization comes from *civilis*, city. I spent a couple of years in the World Bank and as executive director of the World Bank and one of the thrusts of the World Bank was to hold the people in the countryside, to give them facilities and commodities in the countryside that would keep them there. And I think that the result is keeping them away from civilization. I have seen workers in the belts of misery around Mexico City for many years. I'm a member of a family planning association of Mexico and of the International

Planned Parenthood Federation. And I've seen how people change when they come to the city and lose their rural mores and adopt urban mores. And it is a civilizing effect. It's easy for intellectuals to say that people are happy in the countryside. The delicious, bucolic possibilities in the countryside are wonderful. They can sit back in their Barcaloungers and dream about the countryside, but the fact is that in the countryside, babies are dying, women are dying when they become pregnant, all sorts of diseases exist. So I cannot, in conscience, agree we should try to keep the people in the countryside. I think urbanization is civilization, and it's my hope that eventually we'll all be urban countries. We need to have a different kind of city, we need to have a linear city, for instance, going from the TLACALA to the east of Mexico City to Guadalajara in the west of the country. One single city with high-speed underground or overhead trains is much more reasonable than having people ignorant, sick, dying in the countryside where we can't see them. We are, however, very sorry about the ignorant and sick people when we see them in the cities, when we take a wrong turn and wind up in the slums. We have to be more reasonable and not stop the development of the world and help people in the cities, create better cities, rather than keeping people away from civilization. Man is *zoon politikon*, as Aristotle said. Man is a gregarious animal, a social animal, who likes to live together with other people. Most people want to go to the bright lights. This is why they immigrate to the United States. People who see in television and the movies things that they are missing think they have a right to them. I hope that NAFTA will have the effect of bettering our cities, not keeping people hidden away behind the bushes.

Wozencraft: Are there further questions? Yes, sir.

Hernandez: Our two distinguished speakers have produced a couple of enlightened explanations. Mr. Lajous and Dr. Rostow are very well-known on both sides of the border. However, I would like to ask them something they didn't include in their presentations. How far are we from having supernational agencies overlooking the well-being of the two nations?

W. Rostow: Damned if I know. We live in a world in which the conventional state is being undercut from two directions. One is the fact that neither our security nor our economics nor even our science and technology can be based on old-fashioned purely national models. The Europeans struggle toward unity, and I dare say that with the passage of time a different kind of regrouping of the old Soviet Union may take place if things go well. It may take a couple of generations and it depends on how fast they get democracy working, a private enterprise system, and so on. This will happen, I repeat,

because the conventional nation-state can't handle by itself a great many of the problems we all confront. On the other hand, partly because of the certain loss of credibility of the nation-state, issues have come to be pushed down to regions. In the extreme tribal case of what was Yugoslavia it has come to warring, bitter principalities filled with unbearable memories from the past.

More positively, there is a tendency for power to be distributed. Even in the United States, the states and the cities now handle problems which only twenty or thirty years ago we assumed would be handled centrally. How far that process goes I don't know. But I'm sure that these larger groupings, let's say in the western hemisphere, starting with NAFTA, would make a lot of sense.

Let me give you a very specific reason for it. I think a lot, having worked in Latin America, of the middle-sized countries and small countries. Mexico is big enough as a critical mass and can be a major player, in time, in science and technology. Brazil obviously can be if it gets its house in order. Argentina has an able group of scientists capable of handling modern technology. But some of the smaller countries are outside that capacity. Some of the Andean countries, for example. In that fundamental area of technology, in a revolutionary period, some international instrument may be necessary.

I've talked about this in Latin America and eastern Europe; but there seems an almost insoluble problem which proves the nation-state isn't dead. They say, oh, it would be a great idea for our region; but, of course, the regional MIT should be here in Budapest, or it should be here in Prague, or it should be here in Warsaw. The same dialogue takes place in Latin America. I've learned that where you locate this MIT or Cal Tech is almost impossible to resolve. But these middle-sized states need one because they can't build one of their own. So I think there are forces at work that will push people into larger units. But just how far it goes I do not know. We can see in trying to achieve a common currency in Europe that you hit some big roadblocks. We'll just have to feel our way pragmatically. I do have a feeling, however, that as these massive countries with high technology emerge in the next century in India and China there will be a tendency for larger units to emerge in a kind of balance. After all, India and China each will be six times the size of the United States. And the tendency to get balancing units, even if they have nothing to do with military affairs, will be greater. So I am prepared to let those a great deal younger than I am see how it comes out.

Lajous: May I add the following? I've given a lot of thought to this problem. I'm a member of a group in Mexico called the Grupo de Tepoztlan and I suggested this as a theme for one meeting. Sovereignty. For my sins, I was

asked to prepare a paper on it and moderate the meeting. So we spent a whole day in the Tepoztlan meeting on this, about fifty people, and my position is that the world has known some moments of centrifugal forces dominating and others of centripetal forces. From the Roman Empire, we pass through the Middle Ages of feudal lords. In every little village and every little town there was a feudal lord. Each was a separate country, so to speak. The time of centrifugal force led to the early Middle Ages. In the later Middle Ages, the centripetal forces came in effect, and the strongest of the local lords became the king of France, or whatever country. We are still in the midst of that movement, when countries are coalescing into coalitions, but it's a long, long-term movement, and it may turn around some time in the future. It appears to be happening in Yugoslavia and other places in the former Soviet empire. But in general terms, the tendency continues to be to coalesce, to create one world. We should follow the tendency toward that end, and accept that sovereignty has never fully existed anywhere as long as other states exist. And Mr. Hobbes told us a lot about that in the book on *Leviathan*. I think we should go forward on it as far as we can, but it's a very slow process. I fully agree with Maestro Rostow that we should feel our way through this, and not try to jam it through because if we want to go too fast, we will lose the support of the people. Mexico is a new nation. It didn't exist when the Spaniards arrived, and it didn't become a nation just because they conquered the whole territory. When I was a young man in Yucatan, they would speak of the people from Mexico City as the Mexicans. They didn't really feel Mexican. They were Yucatecos. And, before my time, this was true in almost every province in Mexico. So the word nationalism which cements a country together, keeps it together, has been very positive for us in general terms, but there comes a time when we have to go a little past the nationalism. I think that this is the direction we're going in, and we should try to go with it as far as is reasonable. We should give more importance to the United Nations and other organizations, but we're not ready for it. We're not ready for a United Nations. My own experience in many years of negotiating treaties, international agreements of commodities, has been they don't really work. So we cannot hope for a change in that direction rapidly, but we should work along those lines and feel our way through it.

Wozencraft: Are there further questions? All right, I think we're getting close to the time to thank our panelists for being truly philosophical.

Charles Alan Wright reminded me just as we were coming in that the original definition of philosophy is the love of wisdom. By those terms, this has been a philosophical afternoon and I want to thank all of you for participating in it.

SYMPOSIUM

ROBERT KRUEGER, MODERATOR

GOOD MORNING. I AM GOING TO REALLY BE BRIEF THIS MORNING BECAUSE Elspeth Rostow has just warned me that I could do some real damage to my voice if I try to talk. I can't talk much, due to hoarseness, so Steve Weinberg, who is, as of today, our president, will serve as moderator. And we have three of the people who have given us such excellent comments before to appear before you, and this is a symposium in which we can all participate—all except me, for obvious reasons. I'll ask Steve to serve as moderator at this time and I thank all of you for being here.

Weinberg: I came here bright and early this morning because I wanted to take notes on how Bob Krueger ran the session to help me prepare for next year. And now I find I will have to do without that help.

This topic, it seems to me, was a wonderful one, partly because it's important, but even more so because it's controversial. The vote in Congress was close. Sentiment in the country was divided. I think it's an issue more than most about which very reasonable, intelligent, well-meaning people can disagree. It isn't an easy issue. It doesn't seem obvious to me which side is right. We've heard arguments for and, to some extent, against NAFTA. I don't think anyone was completely against NAFTA in any form, but there were arguments against NAFTA in its present form.

The purpose of these Sunday morning meetings, as I understand it, is to try to bring the membership of the Society in general into the controversy and hear the things from each other that we've been musing about philosophically, or otherwise, during the meeting. So I would like to ask for comments, questions, criticisms, or animadversions from anyone in the meeting on the general subject of NAFTA.

Just come to the microphone please and give your name for the records.

Dean: I'm one of the newer members of the group and it's a privilege to be here. I'd be curious to get the reaction of the panelists, not really to the substance of NAFTA, but to the process by which NAFTA was considered and finally adopted.

From the standpoint of the United States' view toward NAFTA, it appears to me that the debate was compelling and one that we haven't really seen in our country in a number of years. We saw a process that was started by a Republican administration and continued by a Democratic administration. And we saw a very real embracing of some bipartisan principles of government which I think are very, very healthy. I had the privilege of being

in the East Room of the White House on September 14 when Presidents Clinton, Ford, Bush, and Carter all embraced the side agreements and moved forward. And I must say that was one of the more compelling ceremonies I've ever had the privilege of attending. And after that time, the unified support of both of our major political parties continued very strongly.

One of the chords, I think, that Mr. Perot struck repeatedly in his race for President last year was the inability of the political parties to work together to solve the nation's problems. Here you had a classic example of bipartisanship at its finest, and, unfortunately, Mr. Perot could not find himself in the debate on the majority side. I would like comments on that.

Also, one brief observation about economics in general. We've debated Mexican-U.S. relations for years and years, and those debates have taken on various wanderings and meanderings depending on whose interests are being benefitted. But it's interesting that economics in the final analysis, it appears to me, controls governmental policy and foreign policy debates. Several years ago, a clarion call with many politicians throughout the United States was English as the number one language, and passing resolutions to that effect. You don't hear that much any more. Most savvy businessmen and women that are not Spanish-fluent are going about that process of trying to learn Spanish, and, again, it's economics that seem to dictate governmental policies and public policy. As it relates to NAFTA, economics is again having the effect, I think, of knocking down walls and barriers and fences and barricades, and, perhaps, creating bridges whereby we might be able to explore positively the environmental issues, labor issues, immigration issues, and a wide variety of others. Mr. Chairman and Mr. President, I would like some comments about those two items.

Weinberg: Is there anyone on the panel who would like to comment on the political process that gave rise to this, as you say, completely bipartisan development? Walt?

W. Rostow: I'd link the two points that David has just raised. I think that what led to the bipartisanship ultimately was a sense that what was at stake transcended economics. Underlying was an economic deal, as it were, with a lot of side deals, but, ultimately, I think that what was at stake throughout the world, which made it a global event, was the sense that this was a turning point, one way or another, in the United States' relationship to the world. Elspeth and I were talking with the British ambassador the other day who was in Austin, and he expressed the acute interest of his country and government and Europeans generally, because it was taken abroad as a symbol of whether we were going to redo a 1920, which is a pullback from the world,

or a 1946, in which we very dangerously pulled back from the world and brought the boys home and forgot about the world until Stalin brought us up short. And I think it was that sense of something transcending economics which brought the presidents together and brought this bright bipartisan coalition together. I'm not sure. Out of the bright blue sky in Austin, one doesn't have a terribly good feel for day-to-day Washington politics. But, at that distance, that was my impression, and the reason for my confidence that finally the vote would go positive.

Weinberg: Ambassador, since you are employed by the United States government, do you have any opinion about the politics that gave rise to NAFTA?

Jones: I think the points that have been raised by David and by Walt Rostow were very important in this debate. First of all, as Walt Rostow said, the turning point was when the White House focused on the foreign policy aspect of the debate. It was something that I had talked about before ever becoming an ambassador, in that I looked upon NAFTA as much broader than Mexico. At least it was Latin America, if not the developing world, and it was the foreign policy tool through which the United States would either have or not have leadership. Once that was focused on, you changed the frame of the debate and the frame of mind of a lot of members of Congress.

The last ten years will be viewed in history as one of the major economic restructuring periods in United States history. Perhaps there has been nothing like it since Henry Ford's assembly line management procedures. And there has been a current of fear, insecurity, and unrest among workers that is reflected back to their Congressmen. But I never heard Congresspeople talking about it in terms of what was going on in this country. They knew there was fear, and they were reacting to fear, but they were not talking about how to deal with the issue. I think toward the end of that debate there were conversations about how we deal with this major restructuring, this major change in the economic structure of the country.

The third point you talked about, the bipartisanship, those who knew me in Congress knew that, at least on the Democratic side, I was probably the major bipartisan coalition builder in the late 1970s. Then I was elected chairman of the Budget Committee and that coincided with President Reagan's first term. And while President Reagan did a number of things well, one of the lasting things that was a major mistake, and it was a calculated mistake, was to make his term a very highly partisan term. On the budget debate, there could have been a bipartisan budget coalition put together, and those of you who've read Dave Stockman's book know that we

were almost there, but a political decision was made in the White House to have a showdown with the Democratic leadership. They won that battle. President Reagan was very popular. But then Speaker O'Neill, in order to keep his leadership, had to come back in a very partisan way in 1982 using the Social Security issue, and from that period until this debate, there really has been very little sense of bipartisan trust in the Congress and between the Congress and the Presidency. So I think one of the major developments of this debate was that very partisan Republicans like Newt Gingrich and very partisan Democrats got together with a Democratic president to do something that was right for the country. I think that there will be some lasting effects of that in the future. It won't always last, but I think that was a major start. So that was a very important point of what you raised.

Weinberg: Mr. Lajous, you're a veteran of the Mexican Congress. Do you have any comments about the political machinery that gave rise to this agreement?

Lajous: Well, we have also partisan problems in our own Congress, though the opposition is a minority, and they can be outvoted at any moment by the party in power. We do have a division on NAFTA. The left, the opposition, is against NAFTA. On principle it is against anything with the United States. It's been changing a little and now Mr. Cárdenas, the principal leader of the left, says he's in favor of NAFTA in general, but that it requires renegotiation on some points. One of them would be the freedom of movement of workers across the border and a series of things about which he should know there is no possibility of reaching agreement. So, though it's still a very partisan division, the force of logic of NAFTA has forced the opponents into a waffling position where they say they're not against NAFTA in principle, it's only that some parts of it will have to change. Nevertheless, they are a minority at this moment. I hope they continue to be a minority. It's good to have opposition, but it should be a minority, because we don't want to get into a gridlock that impedes decision-making.

Weinberg: The opposition will usually be a minority. It's a question of which opposition. With regard to your second point, if I can offer a comment, it seemed to me that even before this debate over NAFTA the emphasis on English-only was beginning to wane. It seems to me we go through various fits of concern about crazy things like flag-burning and this was just one of those, and it has a natural life. It seems to me that it had reached the end of its natural life anyway, but perhaps someone in the audience wants to comment on that.

Fehrenbach: During the various discussions yesterday, and again this morning, we brought up a lot about partisanship. Until our distinguished journalist from Mexico used the term, I don't think I heard this said, but if you look at the way the NAFTA vote went in this country, it was pretty clear that the left opposed it on principle. In other words, anyone with a trace of Marxism is always against free trade. It just seems to be a natural reaction. Apparently that was true in Mexico, and it's been true in this country. If I were going to write this as history, I would see the breakdown in Congress far less as Democrats and Republicans, and more in terms of region and class in that the people I know, the Democrats that voted for it, generally came from, shall I say, rising or confident areas. Those that were adamantly opposed to it, to a great extent, came from the decaying industrial areas. I believe that there was a very definite split across the country in that the center-right was for it, most people of higher educational status. And you had what I would generally call the left, labor and intellectuals, being against it. I'd just like to ask the panel, do you have that same impression or am I up the flue on that?

Jones: I haven't done a total breakdown yet in the U.S. Congress, but the very poor districts and those representatives of the lower end of the working pay-scale were against it uniformly, and it was pretty well evident that many of the low-paying jobs were going to be lost. But I don't know that you can divide the rest of it by left-right or Democrat-Republican. It was all over the lot. You had the Ted Kennedy liberals for it, you had the Newt Gingrich conservatives for it, and then you had the same category against it. So it's really hard to define. There were a lot of very local issues on this one.

Lajous: You're right in saying that there's a big difference between left and right in Mexico and the United States. Everybody who is considered the left in the United States is the right in Mexico. People on the left are on the right to the people of Mexico. So we have an entirely different idea of what is the left there than you have up here.

Story Sr.: I'd like to pick up on one question that David raised which relates to immigration, recognizing that the whole world is migratory now. I would appreciate comments from the panel on what effect NAFTA is going to have on, first, illegal immigration and, second, on U.S. immigration policy generally.

Lajous: The rhetoric in Mexico in favor of NAFTA was that with NAFTA you would stop Mexican immigration because Mexicans would have jobs in

Mexico, instead of having to come up to the United States to get them. I'm not sure that's true. In the first place, immigration is not merely for economic ends. The United States is an attractive place to come. I come to the United States frequently. I don't come for economic reasons. I enjoy my trips. I think most people in Mexico like to do that. So there is an overriding reason that isn't just economic. Nevertheless, it is true that the more employment available in Mexico, the less necessity there is to migrate. However, we have such an excess of population, and some that are not really ready to work in industries, that are unemployable in Mexico. We don't have as high a rate of unemployment as it seems, but we have an enormous rate of underemployment, people who work three months a year when the rainy season comes. And after the harvest, they have nothing to do for the rest of the year except get jobs harvesting some other crop in another part of the country. And once they start migrating within the country, they can easily migrate across the border. So I'm not sure that NAFTA will stop the pressure for illegal immigration. And this is one of the reasons the governments of Mexico, though they will never acknowledge it, do not cooperate with the United States authorities to stop the migration. But I have to agree with you. I've written an article on this rather recently, about four or five weeks ago, in which I took a chance on having my head cut off, saying that it's your country, it's your decision if you want people in or not. We may not like the real reasons you have for not letting our workers in, but that's your country. We can have no objection to your policy except that we don't like it. But we can't object to it.

Holtzman: Obviously, NAFTA is just one in a series of steps that's going to take place in the near future. And one of those next steps that's of special interest to me and some of my colleagues has to do with reciprocity, collaboration in science, in academic fields, and in professional areas generally. For example, if one goes to teach at the National University, you can go as a visiting professor. But if you look at that as permanent employment, you have to get a kind of a work permit in Mexico. And I'm sure that the same is true, or even tougher, coming to this country. One has to declare it as somehow an area of endeavor in American society that can't be filled by an American. Now the Europeans have moved closer to that kind of exchange. Do you see that as one of the steps coming up? I'm going down to Mexico today to work with my counterparts on this in the field of health, and there's a lot of talk about exchanging for border studies, for improving the quality of health care in the border region, and that radiates down to San Luis Potosí, or up to Dallas as far as we're concerned. What are some of those steps coming up, and is it likely within the near future that this will unfold rapidly or is it going to be a kind of painstaking step-by-step thing that will take some years before it really evolves?

Jones: Let me make a couple of observations about both of those questions. First of all, the whole migration question really needs to be thought of on a global basis. It's clearly in Asia, Europe, and North America. And very little academic study that I've seen has gone into this yet, and much less public policy debate. I think this is one of the issues coming up over the next three or four years that will deserve a lot of our attention.

Secondly, studies that I've seen on U.S.-Mexico migration would indicate that even with NAFTA there will be an increase in Mexican migration to the United States in the short run, but over a ten-year period the hopes that President Salinas had when he said, "I want to export products, not people," of people staying in Mexico and having jobs, will be fulfilled and the migration will be substantially down. In the meantime, we face some very real political problems between our two countries, more so in the California-Baja California, area than in Texas and its sister states. But there will be a great temptation on both sides of the border to use this migration question for political gain in 1994. And I think all of us have the responsibility to try to get our politicians to keep the rhetoric down because I think that's the most sensitive issue. Mexicans have a very deep sense of sovereignty and the right to move wherever they want to move, and we have a very deep sense of our right to control our borders, and those two things will clash. And if the political rhetoric gets too heated, I think it could throw off-course a very positive relationship that's developing between our countries.

The final point is on the cultural, scientific, educational exchanges. One of our goals at the embassy is to increase the number of Fulbrights, the number of scientific, educational, and cultural exchanges between our countries. And part of the process will be the ease with which we move back and forth. In that connection, there is a commission, and I've just hit a blank on what it was called, to study the immigration policy in the United States. That study will be about a three-year study, but among the policy-makers at least, the general view is that by about 1996 or 1997 the results of that study will be in and there will be a major new immigration law, because our immigration law is already outdated.

Lajous: One of the most restrictive countries in the world, as far as migration is concerned, is Mexico. We make it very hard; we're afraid of foreigners. Our historic memory is transmitted down from mothers to sons. Our historic memory is of foreigner invasion; the white bearded foreigners coming into Mexico in 1521 and raping the women, stealing the land, and enslaving the people. This is basic historic memory and this has been repeated by different waves of immigrants, or of invaders, by the Spanish first, then, when we were an independent country, both by the United States and France. Consequently, we've always been afraid of the foreigner. What are you going to do to us? Are you going to exploit us? We're very xenophobic in that sense.

We're equally tough on the border south of us. We don't want Guatemaltecos coming in. We put them in concentration camps when we can't send them back. So, historically, we should have no beef on that. Nevertheless, we do. Now, as far as receiving people from the United States, we make it hard for them to get a work permit. NAFTA is changing this. For instance, lawyers will be able to practice law in Mexico and the Mexican bar, of which I'm a member, is divided on that. Many are very much opposed to that. Nevertheless, we're opening the doors in other professions, we're in the process of change. But we're fundamentally restrictive.

Now our view of the United States, and my own personal experience, is that you change your minds when you need workers. You sent people out in the nineteenth century to tell the people in Europe that the streets were paved with gold. Sometimes you subsidized the steerage passengers coming to the United States via Ellis Island. Shortly thereafter there was a reaction on the part of labor because the prices of wages went down. And the immigrants were considered the bottom of the barrel. The Irish were looked on as the undesirable people, and a few generations later, they were running the United States. The same happened with the Italians, and so on.

My own experiences were this. In 1957, we were running out of corn, and the government sent a group of us to different places to buy corn. I went to Salvador and to Nicaragua to buy corn in 1957, and finally I was sent to Washington to try to get some more corn through Public Law 480, where we could pay in Mexican pesos. The Agriculture Department suggested I approach the House Agricultural Committee that was headed by Harold Cooley. The vice chairman was Representative Poage, from Texas. Cooley received me in his office as if I were a heathen from hell. He said, "How dare you come in and ask for 480 when you were denying us the workers that we need? You've built a barbed-wire fence between Tijuana and San Diego and the people are trying to get across, and they are hanging onto the wires, blood running from their hands, from their faces, trying to get through the barbed-wire and you won't let them." And it was true at that time we were renegotiating the bracero program and we wanted better conditions and we were playing hard to get. Cooley was furious. Ten years later I returned to Washington with President Diaz Ordaz and had an interview with President Johnson and the first thing Diaz Ordaz said, "Why won't you let our people come through? They need the work and you need them." And Johnson said, "I'd like to help you, but labor won't let me." Labor had been very tough, and at that time, the majority was against foreign labor.

So there are ups and downs according to demand and supply. My theory is that before the end of the century, or shortly afterwards, you'll be asking us for workers again. It's a demographic problem. It will continue to have

its ups and downs. Technology takes the place of workers with machinery and with automation, and sometimes you have too many workers. Then you get modern Luddites who don't want to share the work with anybody else. But, at times, technology lags behind the need for labor, and then you start asking for workers. So I think we should understand that this is a reality and that we must deal with it that way instead of being sore because you are not letting them in now. Just wait a while, and you will be wanting them.

Dougherty: I wanted to ask something about the expected history of the steps in connection with the maquiladoras. Maquiladoras grew up because of the special border situation. And I've seen some argument that one of the effects of NAFTA will be to move industry into the interior of Mexico, maybe by stages, and one of the problems we learned to anticipate is that, from my information, Mexican workers within Mexico are not as freely mobile and it isn't as easy to move them around as it is in the United States, or hasn't been in the past. I wonder if that is changing, and what the panel thinks will happen to the maquiladoras. I even saw persons who argue that they would disappear entirely, and that industry, even work of that kind, would move south, at least beyond Monterrey, maybe between the border and Monterrey, but at least beyond Monterrey. And I wonder how you think that will develop in the future.

Lajous: I had a discussion about that yesterday with the mayor of Laredo. I don't know if he's present still, but we discussed this problem and we both agreed that maquiladoras will have no reason to exist once there's free trade fifteen years from now. One, if there are no taxes involved, there will really be no reason to be on the border. It would be more convenient to be in Monterrey where there's plenty of trained labor, whereas now maquiladoras are using people that are lounging around waiting for an appropriate moment to cross over to the United States. Meanwhile, they take a job in a maquiladora, and this is why these firms have such a high turnover. Maquiladoras complain that they have a complete turnover of practically their whole workforce in a year or less, because they're hiring people in transit. If they go to Monterrey where people live there and there's an infrastructure and there is a capable trained workforce, it's much easier to operate. However, the further away you get from the border, the further away you get from American infrastructure. People in Nuevo Laredo can plug into the telephone company and the electric company on this side. You can't do that from further away. There will be more cost for freight. But mostly they'll have no reason to be on the border. So I think maquiladoras eventually will stop existing.

Dougherty: Is it still true that it's difficult to move workers, for example, from Chihuahua to Vera Cruz, because of the way they grow up and the way they live?

Lajous: It's changing. There is a gradual change. People are migrating from the countryside to the cities, not necessarily Mexico City. This is a constant and more rapid movement every day. We have a thousand people coming into the Mexico City area every single day. So there's a change in process. People are starting to move around more, but they're not as mobile as they are within the United States, by any means.

Cavazos: Those of you who know me know I'm not going to get out of here without talking a little bit about education. And Professor Rostow touched on this yesterday about his Austin Project. I started reminiscing a little bit about the role of education and what's going to start happening, and whether one can improve the situation as NAFTA moves ahead.

I'll tell you a story. On the first state visit that President Salinas made to the United States, he requested an interview with the secretary of education. We met at Blair House for what I thought was going to be a fifteen-minute sort of thing, and he finally let me go forty-five minutes later. At that time, he told me of his absolute commitment to improving the quality of education in Mexico, because all of his economic thrusts depended upon the workforce and the quality of people that they had about them. He told me also that I needed to get together with Secretary Bartlett, who at that time was the secretary of education in Mexico, and start seeing if there were some things that we could do as two nations that would enhance education.

I went back and I had our people look into the relationships that we already had in education with Mexico. To my horror, I found that we had fifty memoranda of understanding with other nations about education, but none with Mexico. So I thought, well, obviously that's the place to start. On a visit to Mexico City, I again met with President Salinas at Los Pinos and spent about two days with Bartlett. We forged an agreement that would address some of the fundamental issues you were talking about—freer exchange of students—but really emphasized two things. The first was language competency, so that people could understand one another, whether in English or Spanish, and the second one was history. Through history, one could, of course, understand the past and hopefully correct the future. And that's what we were working toward. We were really talking about teachers coming across both borders openly, students moving across there, universities having relationships, and I really felt that that was the direction to go.

Well, I really don't think that NAFTA, in its absolute sense, will ever succeed until both nations address the fundamental issues in education. I ask

no comment, I just thought I'd filibuster a little bit, and remind you of how the underpinnings of the economies of both nations are totally dependent upon the quality of education. And there are too many people on both sides of the river that need a lot of help. Thank you.

Weinberg: You asked for no comment. Walt has a comment. Actually, I can't imagine that anyone is going to argue with you.

W. Rostow: I just want to say that I've given quite a lot of thought to this with regard to Texas and its relationship to Mexico. And I think that, both within our state itself and in relationship to Mexico, we are grossly underusing the potentialities of modern methods of communication. It would not be difficult to hook up our universities, and you could run seminars with modern technology. That's no substitute for people spending a year or two in a different country and learning the language properly or getting some specialized education in the field of archaeology or whatever. But a living set of connections can be built now with modern communications, and the education system in our country, at least, has grossly underutilized those potentialities.

Jones: Let me just add a couple of things to that. I think it's very well that we remind ourselves of the importance of what you've just said. Since I've been there, we've done a couple of things. Additional memoranda of understanding have been signed with Mexico. We had a major group of assistant secretaries from the Department of Education confer in Mexico with their counterparts there. Among the things they added to the agenda is a very important thing that we're studying in this country, and that they're beginning to study: the school-to-work concept. How do you prepare a student for the workplace? We're also groping in this country on the proper approach to that.

A number of other things were done. For example, in border states, especially California and Texas, among the big political problems are illegal immigrants coming here and becoming a burden on taxpayers in the schools, the hospitals, the jails, etc. Mexico is sending teachers to, for example, the Los Angeles area, to teach language and teach some of these children. And that's spilling over into the health field, and it's spilling over into the law enforcement field, also. So a lot of those things are happening, and what you started was excellent. We're going to try to build upon that.

Moore: Buenos dias. Good morning. My question is for Ambassador Jones. What would you be permitted to say if asked by the Mexican minister for foreign affairs to comment on the binding effect, if any, politically or

otherwise, of recent "agreements" or concessions made by the Clinton Administration in order to secure Congressional support for NAFTA, such as maybe tomatoes, things like that.

Jones: The foreign secretary and I have had a lot of very good discussions on a lot of issues, and those have not been among them. I will call them clarifications, and we'll go from there. I think we can build on it, and we will have some additional evolution to this whole process beginning in January when we start the talks to accelerate the tariff reductions. We've already outlined our products; the Mexicans haven't outlined what products they want on the table. But I think we will continue to improve this. It's going to be a bumpy road along the way, but it's going to work out.

Weinberg: For the moment, since there are no hands, let me say that I've been disturbed by the note of good feeling and agreement this morning. It seems to me we ought to be arguing with each other more. I'd like to say for myself that I felt one of the most stimulating and interesting talks at this meeting was the one given by Ms. Lee. I have already made my remarks about this on the floor of the meeting and I don't want to repeat them, that isn't my function here anyway as moderator, but I wonder if anyone here either feels some sympathy with what she had to say and would like to expand on that, or perhaps attack it and express the opposite point of view. Elspeth, did you have your hand up?

E. Rostow: First, I should like to attack the moderator. The only aspect of this session that I worried about in advance was the element of *déjà vu*—that we were apt to be rehearsing the now-familiar debates of the past six months. Once you have made a step such as accepting NAFTA, I think it serves little purpose to debate what went on in the minds of those who took both sides of the issue before its resolution. However, since you want disagreement, I'll disagree with Ted Fehrenbach, too, when he categorizes pro- and anti-NAFTA cohorts. For example, I don't regard Mr. Perot as a low-income person of limited education. When I spoke on behalf of NAFTA on a panel in Dallas not long ago, a session picketed both by Perot people and environmentalists, I was looking at a rather broad spectrum of opposition.

The reconciliation of strongly held views is never easy, but sometimes possible. Senator Burton Wheeler, a dogged isolationist, fought vigorously against the foreign policy of Franklin Roosevelt. But, after Pearl Harbor, Wheeler said, "Let's get together and beat the hell out of them." I think that we are at a comparable stage in terms of NAFTA. Perhaps this is a time when we should consider the issues that have divided us and see what we can now do constructively.

A few examples. First, the environmental. Of course, we—business, labor, government, academicians, the public at large—should work together to diminish the real environmental threats that exist on both sides of the border. Of course we should remain sensitive to the broad issues of human rights, including immigration.

Next, we should take heart from one political aspect of NAFTA: its bipartisan nature, symbolized by support from both Republican and Democratic presidents. This country faces such an impressive agenda of unresolved problems that I'd like to see "political harmonization" (a phrase that we've heard at this meeting) move forward as rapidly as possible.

In terms of economic problems, we've listed many over the past two days. Clearly there is a tidy agenda for Ambassador Jones—for all of us—to get to work on in the next six months. I hope we'll begin to see momentum in January.

We have been constructive in this meeting, enumerating some of the many opportunities available, not just for writing furious letters to members of Congress, but for working on the issues themselves. I don't think it serves too much purpose to be looking solely in the rear view mirror. The great exception, of course, is if, in looking back, you can learn something that will ease the next steps forward.

One final point: we have forgotten Canada in our discussions. It was appropriate in Laredo that we should concentrate on *this* border, on what goes on on either side. Nonetheless, it is interesting how quickly the new leadership in Canada reversed itself after the U.S. NAFTA vote. 1994 will be a moment of opportunity for those of us on this side of the border as well as for Mexico, with its upcoming election. And both of us need to study carefully the lessons we've learned from the relationship between the U.S. and Canada.

It is just possible that with the NAFTA vote we mark the beginning of a period that future historians will look back on with approval.

Jones: I would only comment on Thea Lee and her institute's strong position against NAFTA. The underpinning of that was that workers' rights and environmental protections did not go far enough, and not recognizing that no trade agreement has had even these advances. So I asked her, after her presentation, "I assume that because there is absolutely no mention of labor rights and no mention of environmental protections in the GATT agreements that you'll be as vigorously opposed to GATT." And her response was, "Well, we haven't really studied that yet." And I think that's a dual look at trade policy.

Dougherty: Because I think it's interesting about how far we've moved, I

think you ought to realize something that I didn't realize until a couple of weeks ago. That the facilities of the university and the libraries of the university are on-line through computers in a way that I never understood before. The Benson Library is now, as you know, the preeminent library on Latin American books in the world. There's no question about that. Maybe you know that Ms. Benson many years ago came to Mexico and then extended her activities down to Tierra del Fuego acquiring books. And she worked out an agreement of some sort that we got one copy of almost every book, if not every book, that was printed, including every edition of every tirado of every book that was printed. And it's a tremendous library, and it's accessible through Internet. And Internet, those of you who don't play with computer, you get it through Prodigy and so forth, and it's available to you, and it's available in Mexico and it will become increasingly available. And that needs to be known. Also I understand from the Mexico Center that we have over, I believe, 53 or 54 professors at the university who are studying Mexico and working on various phases of it. The importance of that is that as business moves south into Mexico, you have a group of people who are trained in Mexican matters and are trying to learn more and are available as consultants.

And I wanted to say one other thing, and that is that this is countrywide. I'm informed that all 13 million books, papers, and pamphlets in the Harvard Library, in the law school, in Widener Library, will come on line shortly after the first of the year, and you'll be able to access anything in the Harvard Library in the same way that you can access stuff in the University of Texas on a much smaller scale. When that kind of facility becomes available, you've got a tremendous facility for people to get the material and to address the problems that we're talking about in NAFTA now. Thank you.

Jones: Mr. Chairman, could I just make one observation, then I have to leave to catch a plane. But, in line with what Mr. Dougherty said, my wife is changing the ambassador's residence gardens, which are English gardens, and she wants it to be pre-Columbian plants indigenous to Mexico. She's been asking for original research all over Mexico. Finally, Ambassador Lozoya, who is basically their cultural affairs leader, said the authority for these kinds of things is at the University of Texas in Austin.

Weinberg: Where else? Of course.

W. Wright: I want to elaborate a little bit on the point that was made that after all the debate probably should be over and the talks should begin about how implementation should really proceed. I think that the comments about

higher education and professional relationships are very important, but I think it needs to be broadened beyond that, because since NAFTA was basically a political process in both countries, and since we have large portions of the population that are still divided on the issue, I think it's important that we accelerate our cultural exchanges between the countries so that the general population will have a better understanding of the history and culture of each of the countries. And I think that really takes place through exchanges of art exhibits, of other cultural interchanges that we can do as a state and as a country through the NEH, through the NEA, through various other cultural organizations. Because as we are able to bring the general population along for an appreciation of the culture of each of our countries, I think that the whole process will be vastly improved.

Garrett: Since there's been an ad for the University of Texas library at Austin, I would like to throw into the hopper the fact that at the University of Texas at Arlington is the finest collection in the United States on the war between Mexico and the United States, and we're on the same library hookup as the University of Texas at Austin.

E. Rostow: Simply a footnote. At the University of Texas in Austin we have an MBA program which teaches basic courses in Spanish rather than in English, the better to prepare future businesspeople. I regard this as an important development. We also have a triple-MBA program, located in Austin, in Monterrey, and at McGill University in Canada. It is now possible for a student to get an MBA with triple credentials in roughly the conventional time, completing internships in three different places.

Kozmetsky: Personally, I've been waiting a long time to get the NAFTA debate out of the way. It's a very important democratic process that both countries have to go through. But once it gets out of the way, policies at the political level do not bring implementation about, particularly in periods of unemployment and worldwide scarcity of capital. So let me go on and talk about the things which have been done at the university.

First, I don't know of any system of higher education that has used technology in a more useful way than Monterrey Tech in Mexico. I use that as an example all over the world. It is now possible for us to go to Mexico City, lecture, and be presented on 26 campuses before 42,000 students.

Secondly, Monterrey Tech, with the backing of the private sector of Mexico, has finally decided that higher education must have excellence, which means Ph.D. So, they have started their own Ph.D. program in business and in engineering which is taught by the University of Texas at

Austin faculty. The degrees are given by Monterrey Tech, not the University of Texas at Austin. They are building intellectual resources which are world class.

The next thing is that if we are really going to move into the twenty-first century and utilize those resources for the good of all humankind, we have to use science and technology. We have already hooked together what we call technology incubators between Texas and throughout Mexico, and Mexico has taken the lead in seeing that technology incubators are being set up in South America, with Texas closely following behind.

What we need is visions for people to associate with. So I'll just simply end on a vision into which I have now put four years. The people that the Rostows and I have been worried about are what we call the 75 percent which have been forgotten in our country. What has science and technology wrought for them? What do they do with their lives? I've had a vision, anticipating the maquiladoras would fade away. About four years ago, I started talking about the inland empire. The inland empire consists of the desert that our distinguished panelist from Mexico talked about. It's Texas, New Mexico, Arizona, and the four northern Mexico states. Their total population is some twenty-two million people, which today is equal to the size of Taiwan. Fortunately, we have the same number of universities on the Mexico side as we have on the American side in the inland empire. All are distinguished universities. All have the resources. If one looks at the federal R & D going on in American society, we have more billions of dollars and better research and technology than Taiwan has. Now if you look at Taiwan and its growth rate and the opportunities that they've provided for their people, and what they have done to become an economic world power, we have all the resources in place, plus more. Think what they have done in twenty-five years. Look at the growth they've had. I like, Taiwan better than Singapore because historically, over the last three decades, they've grown their economies about at the same rate, Singapore predominantly from the public sector, Taiwan predominantly from the public sector. Both countries with the inland empire are relying on not the public sector, but the private sector. We have much work to do together. And no longer are we going to exchange our technologies for money, as we did with the four tigers in Asia, but we shall exchange technology for technology, providing opportunities for both markets at the same time. And that's where I think implementation starts. We couldn't move without democratically getting out of the way the overhang of doubts, worries, concerns. Our economic policies have not been designed to handle these problems. Academia needs to change dramatically. And the common people are ready.

Barrow: George, I think that was a wonderful exhibition of your magnificent mind. Allow me the humbling experience of following you and suggesting that your vision is still not quite large enough. I would urge the representatives from Mexico, Señor Lajous and any others, to try to push to eliminate the xenophobia that they have had. Most Americans have had it, so we know what it is. The opportunity for the whole western hemisphere is here. My wife and I have just returned over the Thanksgiving holidays from a trip to Bogotá where our daughter, whose husband is employed in Colombia right now, is teaching in a private school, trying to do something to contribute. Fortunately, she is a civil engineer, so she can teach mathematics and geometry. She's allowed to teach in English because the textbook's in English, but she says, I have to discipline in Spanish. She also tries to help the other teachers in the school who are native Spanish-speaking in trying to explain why the mathematical terms they use are usually incorrect when they translate them into English.

All of South America should be part of what this new North America takes in, and I would hope that, if not in the time of those of us who are white-haired and here, but perhaps in the time of our children and grandchildren, we will have a trade agreement that would cover all of the western hemisphere. I think that is the real hope for our future. Thank you.

Doyle: Briefly, I just wanted to comment on Professor Holtzman's raising the problem of the interchange professionally and academically. There is an organization for that in the world right now called UNESCO—the United Nations Educational, Scientific and Cultural Organization—and our State Department has recommended that we rejoin that organization. And I'd like to suggest that as a country we ought to rejoin UNESCO.

Weinberg: Let me end by thanking Bob Krueger for putting together a wonderful meeting. It's a tough act to follow. We've all enjoyed it very much, and everything went very smoothly. I'm sorry Bob lost his voice, but you have to make some sacrifice in a good cause. Thank you all very much.

NECROLOGY

JOHN MIRZA BENNETT JR.
1908-1993

JOHN M. BENNETT JR. WAS BORN IN SAN ANTONIO IN 1908 AND DIED ON HIS South Texas ranch, The Garcitas, on May 13, 1993. He served his beloved San Antonio in nearly every possible capacity: banker, educator, author, rancher, military officer, civic board chairman.

Educated at Phillips Academy, Andover, Princeton University, and the University of Texas, General Bennett had a distinguished military career, retiring as a major general in the United States Air Force Reserve. In the film *12 O'Clock High* starring Gregory Peck, the fictional character General Savage was based in part on then-Colonel Bennett's command of the 100th Bomb Group.

He was the long-time chairman of the National Bank of Commerce, San Antonio, the area's second largest bank. As such he was a strong civic leader. He was chairman of the City Public Service Board, running an outstanding municipal utility system. Historic conservation was a great interest of his. He served on the Texas Historical Commission and was active in the affairs of the San Antonio Conservation Society. St. Mary's Hall School was a long-time involvement for his family and he served faithfully as its treasurer for many years.

John Bennett was a true philosopher. He lived life with enthusiasm. His opinions were clearly defined and just as clearly spoken. He was always curious to know the thoughts of others, especially his many young friends, and he wanted them to use his experience to grow and develop. He was generous, kind, and highly respected. San Antonio will never be quite the same without his commitment to what makes us unique.

Predeceased by his devoted wife Eleanor, General Bennett is survived by a sister, Josephine Musgrave; by two daughters, Eleanor B. Marlow and Carolyn B. Wood; by a son, John S. Bennett; and numerous grandchildren.

A. B. D.

R. LEE CLARK, M.D.
1906-1994

DR. R. LEE CLARK, WHO FOR THIRTY-TWO YEARS GUIDED THE GROWTH OF THE University of Texas M. D. Anderson Cancer Center, died in Houston on May 3, 1994, at the age of eighty-seven years.

When he retired as M. D. Anderson's president in 1978, Dr. Clark had served as chief administrator of a University of Texas institution longer than anyone in the university's history. Two years later, he was named a UT System Professor of Surgery and Oncology, only the third such system-wide appointment and the first in the health sciences.

Dr. Clark earned a far-reaching reputation as a surgeon, scientist, administrator, teacher, writer, medical statesman, and tireless ambassador for cancer control. His efforts to ensure quality cancer care for all Texans were matched by enormous energies to extend treatment advances to cancer patients throughout the world.

Born in Hereford, Texas, on July 2, 1906, he was named Randolph Lee Clark Jr., but from boyhood on almost everyone called him Lee. He was one of nine children (two boys and seven girls) in an extended family of prominent Texas educators. His father was a teacher and president of several Texas school systems and colleges, and his mother was a talented pianist and violinist who taught music. He grew up in Midland, graduated from high school at age sixteen, went to John Tarleton Junior College in Stephenville, and received a bachelor of science degree in chemical engineering from the University of South Carolina.

He had planned to become a chemist or chemical engineer until he read the book *Why We Behave Like Human Beings*, which motivated him to study medicine. While working for a chemical research firm to earn money for medical school, he invented a new process for making a pigment that was used for years in manufacturing paint and tires. He earned his medical degree from the Medical College of Virginia in 1932, then completed graduate work at the University of Paris and the University of Minnesota.

Dr. Clark spent two years in the private practice of surgery in Jackson, Mississippi, and four years in the U.S. Air Force as director of surgical research and consultant in general surgery to the Air Surgeon General before he was recruited in 1946 to become the first full-time director and surgeon-in-chief of the unbuilt M. D. Anderson Hospital. At that time, the hospital was housed in converted quarters on a former family estate south of downtown Houston. Among twenty-two employees were researchers conducting studies in the remodeled stable and carriage house. Surplus Army barracks were bought and renovated for outpatient clinics and other services.

Under Dr. Clark's direction, the 234-bed M. D. Anderson Hospital opened in 1954 in the then-new Texas Medical Center. Three major expansions were completed during his tenure as director and president, a title he received in 1968. By the time he retired in 1978, M. D. Anderson was among the world's largest and most productive cancer centers and the prototype for cancer facilities in many countries. Although a surgeon himself, Dr. Clark was an early advocate of the team approach for treating cancer patients. His multidisciplinary care concept became the model for many other cancer programs.

M. D. Anderson was designated one of the first three comprehensive cancer centers in the United States under terms of the National Cancer Act of 1971, which Dr. Clark had helped shape. President Nixon named Dr. Clark one of three members and the senior scientist on the President's Cancer Panel that was created to oversee implementation of the National Cancer Act. Dr. Clark served on that panel for five years.

Dr. Clark was a member of the President's Commission on Heart Disease, Cancer and Stroke. He served as national president of the American Cancer Society in 1976-1977, and was a founding member of the Association of American Cancer Institutes. He traveled extensively to promote cancer control, especially while chairing the Committee on International Collaborative Activities, a fourteen-member group formed by the International Union Against Cancer.

He originated the *Book of Health*, an encyclopedia for the lay public that was revised in three editions, and collaborated on the *Year Book of Cancer*, a collection of reference articles about cancer research and patient care. For many years, he was medical editor of *The Cancer Bulletin*, a bimonthly journal. He also wrote or co-authored more than three hundred scientific articles.

His numerous honors included the Sheen Award from the American Medical Association, the American Cancer Society's National Award and its Humanitarian Award, the American College of Surgeons Distinguished Service Award, the 1982 Papanicolaou Award and the American Society of Contemporary Medicine's Distinguished Achievement Award in Oncology.

The honor that meant the most came in 1983, when the UT System Board of Regents waived traditional rules and approved naming the outpatient facilities at M. D. Anderson the R. Lee Clark Clinic Building. A new plaque placed three years later at the entrance of the expanded ten-story clinic notes that Dr. Clark's "persistent vision of what could be done for Texans and for all people of the world endures among those who follow in his quest."

For all his medical accomplishments, Dr. Clark never forgot his roots. Some of his favorite times were spent during the years he owned a Central Texas ranch, where he raised Brangus cattle and grew new types of grasses.

His diverse interests included scuba diving, hunting, and making his own rifle bullets. In 1930, he was the National Amateur Athletic Federation wrestling champion with a chance to compete in the Olympic trials, but he opted to continue medical school.

Dr. Clark was married for sixty-one years to Dr. Bertha M. Davis-Clark, a long-time Houston anesthesiologist who died in 1993. He is survived by a daughter, Rabia Lynn Clark of Austin, Texas; a son, Randolph Lee Clark III of Bisbee, Arizona; one sister; and three grandchildren.

As much as anyone, Dr. Clark changed the attitude that cancer was a hopeless disease. He was able to communicate an infectious optimism that cancer could be treated and many forms of the ages-old disease cured. He also was an early proponent of cancer prevention. Dr. Clark has left a remarkable legacy of healing and hope for millions of people who will never know his name. Because of his vision and tenacity, cancer control no longer is an elusive dream.

C. A. L.

JOHN HANCOCK COOPER
1911-1993

JOHN HANCOCK COOPER, A MEMBER OF THE PHILOSOPHICAL SOCIETY SINCE 1979, was the quintessential headmaster. A Vermonter, born in 1911 and educated at Yale, he combined a New Englander's reserve with a gentle but fierce concern for the education of the young. After a career at private schools in Delaware and Illinois, Mr. Cooper found his major life work in Houston when, in 1951, he succeeded Margaret Kinkaid as the second head of the school that bears Mrs. Kinkaid's name—and her imprint.

During his twenty-eight years at the Kinkaid School, John Cooper's achievements were legion. Kinkaid at mid-century was a largely female establishment, with a homogeneous student body and a growing, if predominantly local, reputation. Stressing the importance of diversity, Cooper instituted a scholarship program; using athletics as a magnet, he recruited more boys; anxious to serve an increased number of young people, he oversaw the construction of a new, spacious campus; knowing the vital significance of what goes on in the classroom, he sought out—and held—teachers of the first rank. The result? The Kinkaid School attracted national attention as an example of what constitutes good schooling.

These were the outer and visible signs. Of equal value were the bonds Mr. Cooper established one-on-one with children from kindergarten through twelfth grade, as they passed through the school. Firm, too, were his ties to their parents and to individuals in the broader Houston community. In all these efforts, he was ably supported by his wife, Dorothy Rice Cooper, who, having raised their five children, taught Latin at Kinkaid for nine years before retiring.

Twenty-eight years is a long time. When he retired in 1979, John Cooper had changed from an eager, idealistic man of forty-five to a respected and still idealistic seventy-three-year-old. But his work was not over: George Mitchell lured him to the Woodlands to create a new private school: the John Cooper School. (Cooper remarked, characteristically, that the board showed little imagination when it came to names.)

The transition to the Woodlands was a challenging one, but appropriate for an innovator and a builder. The results were good. However, when Dorothy Cooper died in late 1992, after fifty-six years of marriage, John Cooper's loss was palpable. Still courtly, eloquent, and concerned with others, still reserved and yet engaged, he soldiered on. But not for long.

On April 7, 1993, a bare four months after his wife's death, John Cooper was dead. Glen Ballard, his successor as headmaster of Kinkaid, ended one of numerous tributes to Mr. Cooper by quoting Sophocles: "One must wait until the night to see how splendid the day has been," adding, "It was a splendid day, John Cooper."

His many friends and former students would agree.

E. R.

JOE BERTRAM FRANTZ
1917-1993

JOE FRANTZ, EDUCATOR AND AUTHOR, WAS BORN IN DALLAS ON JANUARY 16, 1917, the adopted son of Ezra and Mary (Buckley) Frantz. He died in Houston on November 13, 1993.

He graduated from Weatherford High School in 1934, and after attending Weatherford College, transferred to the University of Texas, where he began a long and distinguished career as a student, teacher, professor, educator, administrator, and author. He graduated from the University of Texas in 1938 with a degree in journalism. In 1939 he married Helen Boswell and they had two children, Jolie and Lisa.

He continued graduate studies at the University of Texas, receiving his Masters degree in history in 1940. It was during these years that he became a close friend of Walter Prescott Webb, whose "History As High Adventure" approach to teaching and scholarship influenced and invigorated Frantz and several generations of students and scholars throughout the nation.

After completing his Masters degree, Frantz worked for one and a half years as archivist and acting director of the San Jacinto Museum of History in the San Jacinto Monument, after which time he joined the U.S. Navy in June 1943. He served in the South Pacific and returned to the University of Texas in 1946. He completed his doctoral work in 1948 and published his dissertation as *Gail Borden, Dairyman to a Nation* in 1951, a highly acclaimed winner of the Texas Institute of Letters prize. After completing post-doctoral work in the history of business at Harvard University, Frantz became an assistant professor of history at the University of Texas in 1949, associate professor in 1953, and full professor in 1959, at which time he became chairman of the department, a post he held until 1965.

In 1966, he became director of the Texas State Historical Association and inaugurated new programs which greatly enhanced its scholarly approach and broadened its outreach. He continued to direct the Association until 1977, when he was unanimously selected to hold the Walter Prescott Webb Chair of History and Ideas at the University of Texas. It had been his suggestion to include "ideas" in the title because Webb's broad interests spanned numerous academic disciplines. Unlike many professors of history, whose interests are frequently limited by either time or place or both, Frantz's interests were as broad as Webb's, as evidenced by his election as president of the Southern Historical Association in 1977 and the Western History Association in 1978. He had also served as president of the Texas Institute of Letters in 1967-1969, president of Phi Alpha Theta in 1962-1964; and a fellow of the Ford Foundation and Social Science Research Council in 1953-1954.

Beyond these diverse academic pursuits—Texas, the West, the South, and American business history—in 1964 he had been appointed by President Lyndon Johnson to the advisory board of the National Parks, Monuments, and Historic Sites section of the Department of the Interior, and in 1967, President Johnson asked him to inaugurate a massive oral history project to supplement the Johnson presidential papers. Frantz directed that effort until 1974. He retired from the University of Texas at Austin as professor emeritus in 1986 to become holder of the Turnbull Professorship in History at Corpus Christi State University. In 1990 he married Betsy Chadderdon of Houston.

Early in his career Frantz established himself as an outstanding scholar

and prolific writer. After publishing *Gail Borden*, he published *The American Cowboy: The Myth and the Reality* in 1955; *6,000 Miles of Fence: Life on the XIT Ranch of Texas* in 1961; and dozens more. His byline in prefaces to books by others was in constant demand because his name lent instant credibility. As an historian on the national and international scenes, he was by temperament and intellect Texas's best foot forward. He was invited to be visiting professor at the universities of Chicago, Northwestern, Chile, Colorado, San Marcos (Lima, Peru), Quito, and many others.

Frantz was known and revered by countless friends for his unbridled genius, his humor, and his passion for music and sports. As a popular teacher, speaker, and raconteur, he was an encyclopedia of all things Texas, but he was never too busy to be his students' best friend.

In 1983, Frantz published *The Forty Acre Follies, An Opinionated History of the University of Texas*. In it he shared not only his sense of humor, but his unique knowledge of, and insight into, the university's history and its often critical role in twentieth-century Texas. Frantz envisioned a great university in Austin not because it was *the* University, but because it was the University of Texas.

Much of it was *his* history, his life, and it was always high adventure.

J. C. M.

JOHN T. JONES JR.
1917-1994

JOHN T. JONES JR., HOUSTON NEWSPAPERMAN, BUSINESS LEADER, CIVIC AND cultural leader, media owner, rancher, and philanthropist, was born in Dallas, the son of John Tilford and Margaret Wilson Jones, on December 2, 1917. He died in Houston on Texas Independence Day, April 21, 1994.

The nephew of the late Jesse H. Jones, one of Houston's legendary citizens, a national figure and a respected builder, John carried on the heritage of his uncle, but in his own quiet, unassuming, and compassionate way.

He and his wife of forty-nine years, Winifred Small Jones, became leaders of cultural causes in Houston. As president of Houston Endowment, Inc., the philanthropic foundation established by his uncle, John fostered the construction of the Jesse H. Jones Hall for the Performing Arts and gave it to the city of Houston as a gift. The hall is considered one of the finest in the nation.

Following the opening of Jones Hall, John and "Freddie," as she was called by John and her friends, organized the Society for the Performing Arts, a nonprofit organization that brings entertainment and cultural attractions to Houston. John was the society's first president and also served as a director of the Houston Symphony Society and the Alley Theater.

For sixteen years, John served as president of the Houston *Chronicle*, before retiring in 1966 to form the Rusk Corporation, which operated radio stations in Austin, San Antonio, and Midland-Odessa, and formerly operated KTRH and KLOL-FM in Houston. He was also president of Houston Consolidated Television Co., the operating company of KTRH-Channel 13 in Houston from its start-up in 1954 until its sale in 1967.

In the tradition of his uncle, John dedicated himself to serving the city and the people of Houston and the business community. He served as a regent of the University of Houston and as a director and executive committee member of the world-famous Texas Medical Center and of the United Negro College Fund. He was proud of his Texas heritage and especially his alma mater, the University of Texas, serving as president of the University of Texas Alumni Association.

His business counsel was sought by key members of the business world on both the local and national scenes. A former chairman of the board of Texas Commerce Bank, he was also a former director of the American General Corporation, the Fischbach Corporation of New York, and the Houston-based engineering and architectural firm CRS, now renamed CRSS.

A Texan all the way, John loved to get away from it all and go to his ranch near Houston. He was a past member of the Houston Livestock Show and Rodeo and of the Sam Houston Area Council of the Boy Scouts of America.

An alumnus of the New Mexico Military Academy, where he was commissioned as a second lieutenant in the cavalry, he was called to active duty when America entered World War II in 1941. His war experience is a story of fortitude and fortune.

When he entered the Army, John was assigned to the 1st Armored Division. After serving in Northern Ireland and England, he was captured by the Germans in North Africa in 1943 at the Battle of Kasserine Pass. He was sent to the German prisoner of war camp at Szubin, in Poland. In January 1945, Jones and fourteen hundred other American prisoners were forced to walk through freezing weather for sixteen days from Szubin to Luckenwalde, a prison camp near Berlin. The final five days of the journey were in a crowded boxcar.

As the fates of war would have it, a fellow Texan was a prisoner in the same camp. He was Amon G. Carter Jr., son of the publisher of the Fort Worth *Star-Telegram*, a legendary figure known for his flamboyant life style. The

elder Carter had himself accredited as a war correspondent and went to Europe, looking for his son. Through his influence, John and Amon Jr. were both freed and were flown to Paris in time to join the celebrations in the City of Light that marked the Allied victory over the Nazis. John always said that experience was one of his most cherished memories. When he returned to Texas, Jones helped organize the Texas Prisoners of War Association.

Following the war, John returned to the *Chronicle*, where he had worked during his summer vacations from high school and college. Despite his uncle being the owner and publisher of the newspaper, John's starting job was as a route man in the circulation department. During the following years, he worked in each of the *Chronicle's* major departments. In 1948, he became assistant to the president, and in 1950 he was named president.

Though he had many interests and became the owner of television and radio stations, his first love was the newspaper. And though he had scores of friends among many pursuits, his friendship with Richard J. V. Johnson, now chairman and publisher of the *Chronicle*, was one of the most enduring.

Of John Jones, Johnson said upon the loss of his friend, "He inspired his colleagues at the *Chronicle* with a quiet, but firm motivational leadership. He was close to all who worked at the *Chronicle* and was warm and compassionate to every employee at every level of activity at the paper. He was a good friend, a wise counselor, and was always available to add his point of view to a problem."

And, Johnson added, "His passing is a grievous loss for all the people of Houston, for whom he had a genuine and lasting concern. Now, we are indeed a poorer community."

John was a member of the First Presbyterian Church of Houston, the Tejas Club, the Bayou Club, and the Houston Club.

Besides his wife Freddie, Jones is survived by a daughter, Melissa Ann Stevens of Austin; two sons, Jesse Holman Jones II of Houston and John Clinton Jones of Austin; and a sister, Alice Garrett of Houston.

R. J. V. J.

WILLIAM JACKSON KILGORE
1917-1993

WILLIAM JACKSON KILGORE, THE J. NEWTON RAYZOR DISTINGUISHED PROFESSOR of Philosophy at Baylor University and former chair of the department, died

on May 29, 1993. He is survived by his daughter, Sally Kilgore Pendleton; his wife, Barbara, was living at the time of Kilgore's death but she died on October 9, 1993, prior to the preparation of this memorial tribute.

Born in Dallas, Texas, on April 30, 1917, Jack lived there until he graduated from Woodrow Wilson High School in 1935. That fall he enrolled in Baylor University, completing his Bachelor of Arts degree in 1938. He earned a Bachelor of Divinity degree and in 1943 a Doctor of Theology degree from Southern Baptist Theological Seminary in Louisville, Kentucky. In 1958, he received the Doctor of Philosophy degree from the University of Texas.

In 1944, Jack accepted a position at the International Baptist Seminary in Buenos Aires, Argentina. He remained there five years as professor of philosophy and Greek. In 1949, the Kilgores returned to the United States where Jack joined the Baylor faculty as a member of the philosophy department, becoming chair of the department in 1959, a position he was to hold for twenty-eight years. In 1978, he was appointed Rayzor Distinguished Professor; the following year he was selected for the Most Outstanding Scholar Award by the faculty of Baylor University.

Professionally, Jack was widely recognized for his work in Latin American philosophy, publishing extensively in both Spanish and English. He was concerned to understand the fundamental issues and themes of Latin American culture, especially the themes of freedom and order. In the process he provided a critical exposition and analysis of the work of some of the major Latin American philosophers. In particular, he focused on the work of Francisco Romero, Alejandro Korn, Andres Bello, and Alejandro Duestua. In addition, he was interested in the impact of Ortega y Gasset on Latin American thought, particularly the relationship of Ortega's thought to pragmatism. He also gave serious attention to the development of positivism in Latin America in the nineteenth century.

His article "One America—Two Cultures," written for the Columbus Day observance in October 1962 in San Antonio, Texas, attracted major attention. Ambassadors from all the Latin American countries were present for the occasion. The paper has been regarded as one of the most significant contributions to defining the relationship between the U.S. and Latin American countries. The quality of his work in Latin American studies was such that he was elected president of the Interamerican Philosophical Society, the only North American to be so recognized.

One phase of his teaching to which Kilgore gave special attention was the course in introductory logic. In the mid-1960s he began putting together a text for the course, and in 1968 Holt, Rinehart and Winston published the first edition of the work. Fully revised in 1979, the book has been used as a text in over one hundred institutions.

In this country he was perhaps best known for his efforts on behalf of academic freedom, a commitment he manifested throughout his professional life in his frequently honored work with the American Association of University Professors. In the mid-1960s he was appointed to the National Committee on Academic Freedom and Tenure, a responsibility he carried out for twelve years. During that time he spoke extensively throughout the country on academic freedom, tenure, and due process; wrote important articles on faculty responsibility; and authored reports on investigations of violations of academic freedom. He made a significant contribution to the implementation of due process and to a greater understanding of academic freedom.

But above all, Jack's commitment was to Baylor University, its students, and the professional excellence of the philosophy department. In the spring of 1987, former students and friends gathered on the occasion of his retirement as chair of the department to pay tribute to the contributions he had made to Baylor as an institution and to the individual lives of so many who came his way. Former students contributed to and edited the festschrift published in his honor entitled *Contemporary Essays on Greek Ideas: The Kilgore Festschrift*.

The W. J. Kilgore Fellowship Fund has been established at Baylor University in his memory.

R. M. B.

POLYKARP KUSCH
1911-1993

POLYKARP KUSCH WAS ONE OF THE FIRST AND ONE OF THE MOST DISTINGUISHED of a wave of scientists and engineers who moved to Texas from the 1970s on. Born in Blankenburg, Germany, on January 26, 1911, he came with his parents to Illinois the following year. He studied physics at the Case Institute of Technology, receiving his B.S. degree in 1931, after which he worked as a graduate student and teaching assistant at the University of Illinois, receiving a Ph.D. degree in 1936. By then, his interests had become permanently fixed in the direction of the spectroscopic study of atoms and molecules. After a year at Minnesota, he came to Columbia University in 1937 to join the remarkable group of young experimentalists headed by I. I. Rabi. He worked during the war on a variety of problems having to do with electronics and radar, and then returned to Columbia in 1946 to begin his

epochal research using beams of atoms and molecules to address fundamental problems of physics. In 1955 this work was honored with the Nobel Prize in Physics. The Royal Swedish Academy of Sciences summarized the prize-winning work as follows:

Kusch measured the magnetic strength of the electron with extremely high precision and showed that it did not agree with Paul Dirac's 1928 theory. This result led to a reshaping of one of the most fundamental theories in physics: that of the interaction of light and matter.

Other honors included eight honorary degrees and membership in the National Academy of Science, the American Academy of Arts and Sciences, and the American Philosophical Society.

From the early 1950s on, Kusch became increasingly involved in administration at Columbia, serving in succession as chairman of the physics department, director of the Columbia Radiation Laboratory, vice-president and dean of the faculty, and executive vice-president for academic affairs and provost. His activities were not limited to physics and university administration; he was a fellow of Stanford's Center for Advanced Studies in the Behavioral Sciences, and campaigned for birth control and the freedom of emigration. In 1972 he came to the University of Texas at Dallas, where he taught until he became an emeritus professor in 1982. He was elected to the Philosophical Society of Texas in 1973. He died in April 1993, at the age of eighty-two.

Kusch was married in 1935 to Edith McRoberts. They had three daughters. After her death in 1959, he was remarried in 1960 to Betty Pezzoni, with whom he had two daughters. Kusch was an outgoing, enthusiastic person, with a loud but warm voice that made clear how interested he was in whatever was being discussed. Polykarp Kusch will be missed by his friends in Texas and throughout the world.

S. W.

BERNICE MILBURN MOORE
1904–1992

BERNICE MILBURN MOORE DIED ON NOVEMBER 1, 1992, AFTER A LENGTHY illness. She was born in San Antonio, Texas, in 1904. After graduating as

valedictorian of her high school, she attended the University of Texas where she received a Bachelor of Journalism degree and a Master of Arts degree. One of the early members of Orange Jackets, an organization of woman leaders on campus, she also blew a saxophone with the six-girl "Texettes" and was active as a swimmer in the Turtle Club. She and her husband, Harry Estill Moore, were active leaders in raising funds to build Memorial Stadium on the east side of campus.

Several years of work on newspapers convinced the two of them that they should go on to advanced studies in sociology at the University of North Carolina where they earned their Ph.D.s in 1937. Harry joined the faculty of UT's sociology department, and Bunk (as she was called by those who knew her well) directed a research study of child welfare and served as an administrator of a community welfare program. When Dr. Robert L. Sutherland joined the university as the first director of the Hogg Foundation for Mental Health, Bunk was an obvious choice to develop programs in community organization, child welfare, and family mental health. In those days the nepotism rule prevented her serving as an employee of the university, so arrangements were made for her to be a consultant to the Texas Education Agency's Division of Home and Family Life Education with part of her salary provided by a grant from the Foundation. A relaxation of nepotism rules in the early 1960s led to her official appointment in the Foundation in 1964, as associate director of community programs. For seven years she was a leader of "Philanthropy in the Southwest," funded by a Ford Foundation grant.

During this same period, Dr. Moore was director of a series of seminars for chaplains of the United States Air Force on "Counseling in Human Factors for Air Force Personnel." She served as executive associate at the Hogg Foundation until her retirement in 1983. During the forty years that Bernice Moore was active with the Hogg Foundation, she was widely recognized throughout the state and nation for her work on family, personality, and mental health. She was in great demand as a speaker and wrote many articles for publication. As co-investigator with Dr. Wayne H. Holtzman of the Texas Youth Study, a research project involving thirteen thousand high school youths, she was the primary author of *Tomorrow's Parents*, a book reporting their findings.

She received many accolades. In 1970, the Texas Council on Family Relations created the Moore-Bowman Award of Excellence which is given each year in her honor. The University of Texas named her one of its distinguished alumni, honoring her at a formal ceremony and presentation in 1975 at the LBJ Presidential Library. UT's Ex-Students' Association annually awards its Bernice Milburn Moore Scholarship in Continuing

Education for Women. Theta Sigma Phi (later known as Women in Communications) honored her as a Headliner in 1956.

As a special memorial to Dr. Moore, the Hogg Foundation established a Distinguished Biennial Lectureship at the University of Texas dealing with the mental health of children and their families. Every two years, a nationally recognized leader in this field will be asked to deliver a public lecture which subsequently will be published by the Hogg Foundation for wide distribution.

W. H. H.

JUBAL RICHARD (J. R.) PARTEN
1896-1992

BUSINESSMAN, POLITICAL ACTIVIST, PHILANTHROPIST, AND UNIVERSITY REGENT Jubal Richard (J. R.) Parten was born in Madisonville, Texas, on February 16, 1896. The sixth of eleven children of Wayne Lafayette Parten and Ella May Brooks Parten, J. R. graduated from Madisonville High School as valedictorian of his class in 1913. He studied government and law at UT, but left school after passing the state bar exam and entered the second U.S. Army Officers Training School at Leon Springs, Texas. He was commissioned a captain and became an instructor in field artillery, leaving the army in January 1919 with the rank of major. Following his marriage to Opal Woodley of Shamrock, Texas, on December 15, 1917, Parten went into business with his father-in-law to form an oil-well drilling firm in Shreveport that was reorganized and incorporated as the Woodley Petroleum Company in 1922.

As the head of Woodley, Parten was a pioneer of the American oil industry. The company, which moved its offices to Houston in 1935, was active in the giant East Texas oil field and elsewhere. As president of the Independent Petroleum Association of Texas from 1931 to 1934, Parten led the fight against the Roosevelt administration's effort to regulate the production of crude oil, and contributed to the Texas Railroad Commission's development as the primary regulator of the state's oil industry. He also helped organize and operate several other prominent business concerns. In addition to these corporate endeavors, Parten owned and operated the Greenbrier Ranch in Madison County and the Rattlesnake Ranch in Houston County, where he was also the major stockholder and chairman of the board of the 7-J Stock Farm.

Parten was actively involved in education throughout his life. In 1952 he was a founding director of the Fund for the Republic, a Ford Foundation program to support activities in civil liberties education, and he served as chairman of the fund's board of directors in 1974 and 1975. His relationship with the University of Texas—as student, regent, and active ex-student—lasted eighty years. He was appointed to the UT Board of Regents by Governor James V. Allred in 1935 and served as chairman of the board from 1939 to 1941. Among Parten's accomplishments as regent were the hiring of Homer P. Rainey as UT president and Dana X. Bible as head football coach. His most significant contribution, however, may have been his work with the Permanent University Fund (PUF). Parten was instrumental in instituting an open bidding process for the oil leasing of UT lands, resulting in an enormous increase in revenue. In the 1970s, Parten joined with C. B. Smith to fund the establishment of the university's Walter Prescott Webb Chair of History and Ideas.

As a lifelong Democrat, Parten was active in politics at the state and national levels. During the 1930s he became a friend of Sam Rayburn and was one of "Mr. Sam's" closest advisors during Rayburn's long tenure as speaker of the U.S. House of Representatives. From 1944 until the 1970s, Parten was associated with the "loyalist" faction of the state Democratic party, which supported the national party's platform and ticket in presidential elections. In 1954 he helped establish the *Texas Observer*, the loyalist journal, and he was also a key supporter of Ralph W. Yarborough. In the 1960s and 1970s, Parten was a member of a triumvirate of wealthy liberal Democratic fund raisers that also included Waco insurance executive Bernard Rapoport and Dickinson banker Walter Hall. These three provided most of the financial support for the unsuccessful gubernatorial campaigns of Frances "Sissy" Farenthold in 1972 and 1974. In 1984, Parten was the principal backer of John Henry Faulk's unsuccessful run for Congress.

Parten played an active role in national affairs as well. He was appointed to the board of directors of the Federal Reserve Bank in Dallas in 1944. Three years later he became chairman, a position he held until 1954. During World War II, Parten served as director of the Transportation Division of the Petroleum Administration for War (PAW). He supervised the construction of the War Emergency Pipelines (the "Big Inch" and the "Little Inch") from East Texas to New York and Pennsylvania, the largest capacity petroleum pipelines ever constructed.

In 1945 President Harry S. Truman appointed Parten chief of staff of the U.S. delegation to the Allied War Reparations Commission. When the Korean War broke out in 1950, President Truman asked Parten to organize the Petroleum Administration for Defense (PAD). In 1961, Secretary of the Interior Stewart Udall appointed Parten his official advisor for oil policy.

Parten's first marriage ended in divorce in March 1947. On October 31 of that year he married Patsy Edwards Puterbaugh of Dallas. This second marriage produced Parten's only child, John Randolph, born on January 13, 1949. Patsy Parten died on April 17, 1975.

Parten spent much time and effort in his last years encouraging and supporting work aimed at fostering world peace. He also supported a wide range of nonprofit programs and institutions, including St. Stephen's Episcopal School and the Umlauf Sculpture Garden in Austin; the Mayo Clinic in Rochester, Minnesota; and Pacifica Radio and St. John's School in Houston.

J. R. Parten died of natural causes at his home in Madisonville on November 9, 1992.

Don E. Carleton

ANGIE FRANK SMITH JR.
1915-1994

ANGIE FRANK SMITH JR. WAS BORN ON NOVEMBER 3, 1915, IN DETROIT, TEXAS and died on July 1, 1994, at the Methodist Hospital in Houston, Texas.

He was a distinguished Texan whose life and career had many facets and touched many people. He was a prominent attorney, faithful churchman, civic leader, naval officer, and Texas patriot.

He graduated from Rice Institute in 1937 and from the University of Texas Law School in 1940 and joined the Vinson and Elkins law firm. He was a name partner in what was then known as Vinson, Elkins, Connally and Smith and from 1972 to 1981 served as managing partner of the firm. He specialized in natural resources law and was a member of several important corporate boards.

It is said that his devotion to his faith and his church was a major factor in his life. His father, the late Bishop A. Frank Smith, was a much loved leader in the Methodist Church. Frank Smith was a member of St. Luke's United Methodist Church where he served as chairman of its administrative board and Sunday School superintendent and from which he received its Distinguished Life Award.

As a civic leader he served on many boards including those of the Baylor College of Medicine, Cullen Foundation, Girl Scouts, Houston Speech and Hearing Center, Houston Symphony Society, South Texas College of Law, Southwestern Legal Foundation, Texas Medical Center, and Southwestern University, where he served as chairman.

His most remarkable civic activity was his relationship with the Methodist Hospital, located in the Texas Medical Center in Houston. He served as a member of its board for forty years, seventeen of those as chairman. During a particularly trying time in the early 1980s he selflessly served as acting president. The outstanding reputation of this internationally known and respected institution is in large part due to the vision, commitment, and leadership of Frank Smith.

During World War II he served his country as an officer in the United States Navy. He held responsible positions on the battleship *Massachusetts* in campaigns in the Pacific Theater from New Caledonia to Tokyo Bay and the Japanese surrender.

Frank Smith was a patriotic Texan, tracing his heritage to Thomas Christian. He was a member of the Sons of the Republic of Texas and had served as its secretary general, treasurer general, and first vice-president general. He was inducted into the Knights of San Jacinto in 1956. He served as a member of the board of the San Jacinto Museum of History Association.

His most significant contribution to the preservation of our state's history was in serving on the Executive Council and as president of the Texas State Historical Association. Those who worked with him during this time knew him to be an effective leader who took great interest in the *New Handbook of Texas* project, and who conducted meetings in a quiet, well-prepared manner, always marked by unflinching courtesy to all concerned.

He was a member of the Philosophical Society of Texas and a faithful and interested participant in its annual meetings.

His wife, Mary Hannah Smith, preceded him in death. He is survived by four daughters, a son, and eight grandchildren.

Frank Smith would have preferred a more modest recitation for he was a modest man. There is a Latin inscription on Sir Christopher Wren's crypt which in rough translation says, "if you seek my fame look around you." Those who seek the fame of Frank Smith must look at the entities and institutions to which he gave so much of himself.

P. G. B.

FRANK EDWARD TRITICO SR.
1930-1993

FRANK EDWARD TRITICO SR. SERVED HIS BELOVED TEXAS WITH AN INTENSE devotion, uncompromising fidelity, and a steadfast allegiance. He was an eighth generation Texan and a Texas historian of unusual merit. He held

most every office that could be awarded him in the Sons of The Republic of Texas, the Knights of San Jacinto, and the Texas State Historical Association, of which he was a life member, as well as the Philosophical Society of Texas.

Frank Edward Tritico Sr., a native Houstonian died on Friday, August 27, 1993, while in his sixty-third year. He had earned his Bachelor of Arts degree in 1955 from the University of St. Thomas in Houston and a Master of Administrative Education degree in 1963 from the University of Houston and did further study at the University of Florida, the University of Virginia, and at Teacher's College, Columbia University. In addition to his love of Texas history, he was a teacher of American history. He belonged to the Magna Carta Barons, the Sons of the American Revolution, and the Sons of Confederate Veterans. Among other organizations, Frank was a Papal Knight Commander in the Equestrian Order of the Holy Sepulchre of Jerusalem, a Knight Officer, Order of Isabella La Catolica, and a Mariner Knight of the Teutonic Order.

Frank Edward Tritico Sr. served on many commissions and boards dealing with historical matters by appointment of several governors of Texas. He will be remembered for his ever-ready willingness to serve the people of the great state of Texas.

Mr. Tritico was preceded in death by his beloved wife Marilyn Ann Tritico, and is survived by his daughter Mary Lindsey Wilson and her husband Andy Wilson; sons and daughters-in-law Robert Blake and Debbie Tritico, Mark Douglas and Kaye Tritico, and Frank Edward Tritico Jr.; a step-daughter, Lynne Edelman Faimaile, and husband Lance; two sisters; and three grandchildren. Frank was buried at Annunciation Catholic Church in Houston.

F. Russell Kendall

FRANK M. WOZENCRAFT
1923-1994

FRANK M. WOZENCRAFT, PRESIDENT OF THIS SOCIETY IN 1990, DIED ON MARCH 25, 1994, while on a holiday in California. His untimely death brought to an end a distinguished career as a lawyer and as a public-spirited Texan.

Frank came naturally to his love of the law, of Texas, and of this Society. His father and his grandfather were both able lawyers and James Clark McReynolds, a justice of the Supreme Court of the United States from 1914

to 1941, was a cousin on his mother's side. Frank was born in Dallas. His father had been mayor of Dallas from 1919 to 1921, and when he took office at age twenty-seven he was the youngest person who had held that office. Frank's grandfather, Alfred Prior Wozencraft, moved to Dallas from Arkansas in 1882 and served in the 4th Texas Infantry, rising to the rank of brigadier general at the time of the Spanish-American War. Frank's father was a member of this Society and was its vice-president when he died in 1966. Frank's grandfather on his mother's side, Dr. John Oliver McReynolds, was also a member of the Society.

Frank graduated from Williams College in 1946 and from the Yale Law School, where he was editor-in-chief of the *Yale Law Journal*, in 1949. After a year as law clerk for Justice Hugo L. Black of the United States Supreme Court, Frank was admitted to the Texas bar and joined the Baker and Botts firm in Houston. He was a senior partner of that firm, specializing in business law, at the time of his retirement in 1991. In 1966 he accepted appointment by President Johnson as assistant attorney general in charge of the Office of Legal Counsel. Attorney General Nicholas deB. Katzenbach, who suggested Frank to President Johnson for that appointment, said that he "had known Frank at Yale and appreciated his enormous legal skills. And I was anxious to preserve the reputation of the Office of Legal Counsel for scholarship and integrity." Frank continued in that position until the end of the Johnson administration in 1969. In an article he wrote about the office, he said that it "assists the Attorney General in his original role as legal adviser to the President and the Cabinet." In 1968 he was also a delegate to the United Nations Vienna Conference on the Law of Treaties. After he returned to Houston and private practice he was active as a member and sometime vice-chairman of the Administrative Conference of the United States. In 1962-1963 he was chairman of the Section of Corporation, Banking and Business Law of the State Bar of Texas and in 1973-1974 he was chairman of the Section of Administrative Law of the American Bar Association.

In 1953, at the precocious age of twenty-nine, he was elected a member of the prestigious American Law Institute. He participated actively in its work for the clarification and simplification of the law and its better adaptation to social needs and from 1974 until his death was a member of the governing council of the institute. He played a particularly active role as adviser to the council on the institute's project on principles of corporate governance.

Frank had a strong interest in education. He served on the board of St. John's School in Houston and was a member of the board of governors of the Public Broadcasting Service. In 1989 he was a visiting fellow of Wolfson College, Cambridge. After his retirement from Baker and Botts he lectured at Yale University.

In 1969 Frank was elected a member of this Society and his interest in it and its work led to his selection as an officer and to the presidency in 1990. Even the discovery that the Saturday of the annual meeting in Houston at which he was to preside was the same day that the University of Texas was playing football against Texas A&M did not dampen his good spirits. He led a very successful annual meeting and, both before and after his presidency, was conscientious in attending meetings of the Society's board and in giving wise advice on its affairs.

Frank married the former Shirley Ann Cooper in Midland in 1960. She came regularly with him to the meetings of the Society and shared his interest and pleasure in it. He is survived by Shirley; by two sons, Frank Jr. of Houston and George of New York, and a daughter, Ann Lacey Wozencraft Willey of Pleasanton, California; and by a brother, John M. of Carmel, California.

Despite Frank's outstanding talents and his distinguished record of achievement, he was a modest man. His quiet personality, his sense of humor, and the enthusiasm with which he gave of himself in every activity in which he engaged won him a host of friends, who mourn his death and will remember him fondly.

C. A. W.

OFFICERS OF THE SOCIETY

For the Year 1994

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STEVEN WEINBERG

First Vice-President

WILLIAM H. CROOK

Second Vice-President

CHARLES C. SPRAGUE

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J. CHRYS DOUGHERTY
JOHN CLIFTON CALDWELL
ELSPETH ROSTOW
WILLIAM PETTUS HOBBY

PAST PRESIDENTS

*Mirabeau Buonaparte Lamar	1837-59
*Ira Kendrick Stephens	1936
*Charles Shirley Potts	1937
*Edgar Odell Lovett	1938
*George Bannerman Dealey	1939
*George Waverley Briggs	1940
*William James	1941
*George Alfred Hill, Jr.	1942
*Edward Henry Cary	1943
*Edward Randall	1944
*Umphrey Lee	1944
*Eugene Perry Locke	1945
*Louis Herman Hubbard	1946
*Pat Ireland Nixon	1947
*Ima Hogg	1948
*Albert Perley Brogan	1949
*William Lockhart Clayton	1950
*A. Frank Smith	1951
*Ernest Lynn Kurth	1952
*Dudley Kezer Woodward, Jr.	1953
*Burke Baker	1954
*Jesse Andrews	1955
*James Pinckney Hart	1956
*Robert Gerald Storey	1957
*Lewis Randolph Bryan, Jr.	1958
*W. St. John Garwood	1959
George Crews McGhee	1960
*Harry Hunt Ransom	1961
*Eugene Benjamin Germany	1962
*Rupert Norval Richardson	1963
*Mrs. George Alfred Hill, Jr.	1964
*Edward Randall, Jr.	1965
*McGruder Ellis Sadler	1966
*William Alexander Kirkland	1967
*Richard Tudor Fleming	1968
*Herbert Pickens Gambrell	1969
*Harris Leon Kempner	1970
*Carey Croneis	1971
*Willis McDonald Tate	1972
*Dillon Anderson	1973
*Logan Wilson	1974
*Edward Clark	1975
Thomas Hart Law	1976
*Truman G. Blocker, Jr.	1977
Frank E. Vandiver	1978
*Price Daniel	1979
Durwood Fleming	1980
Charles A. LeMaistre	1981
Abner V. McCall	1982
*Leon Jaworski	1983
Wayne H. Holtzman	1983
Jenkins Garrett	1984
Joe R. Greenhill	1985
William Pettus Hobby	1986
Elsbeth Rostow	1987
John Clifton Caldwell	1988
J. Chrys Dougherty	1989
*Frank McReynolds Wozencraft	1990
William C. Levin	1991
William D. Seybold	1992
Robert Krueger	1993

*Deceased

MEETINGS OF THE PHILOSOPHICAL SOCIETY OF TEXAS

December 5, 1837 - Founded at Houston	1963 - Nacogdoches
January 29, 1839 - Austin	1964 - Austin
January 18, 1936 - Chartered	1965 - Salado
December 5, 1936 - Reorganizational meeting - Dallas	1966 - Salado
January 29, 1937 - Meeting and inaugural banquet - Dallas	1967 - Arlington
December 4, 1937 - Liendo and Houston	1968 - San Antonio
1938 - Dallas	1969 - Salado
1939 - Dallas	1970 - Salado
1940 - San Antonio	1971 - Nacogdoches
1941 - Austin	1972 - Dallas
1942 - Dallas	1973 - Austin (Lakeway Inn)
1943 - Dallas	1974 - Austin
1944 - Dallas	1975 - Fort Worth
1945 - Dallas	1976 - San Antonio
1946 - Dallas	1977 - Galveston
1947 - San Antonio	1978 - Houston
1948 - Houston	1979 - Austin
1949 - Austin	1980 - San Antonio
1950 - Houston	1981 - Dallas
1951 - Lufkin	1982 - Galveston
1952 - College Station	1983 - Fort Worth
1953 - Dallas	1984 - Houston
1954 - Austin	1985 - College Station
1955 - Nacogdoches	1986 - Austin
1956 - Austin	1987 - Kerrville
1957 - Dallas	1988 - Dallas
1958 - Austin	1989 - San Antonio
1959 - San Antonio	1990 - Houston
1960 - Fort Clark	1991 - Galveston
1961 - Salado	1992 - Dallas
1962 - Salado	1993 - Laredo
	1994 - Austin

MEMBERS OF THE SOCIETY

(AS OF AUGUST, 1994)

(NAME OF SPOUSE APPEARS IN PARENTHESES)

- ADKISSON, PERRY L. (FRANCES), chancellor, Texas A&M University System, distinguished professor of entomology, Texas A&M University *College Station*
- ALLBRITTON, JOE LEWIS (BARBARA), lawyer; board chairman, Riggs National Corporation *Houston*
- ANDERSON, THOMAS D. (HELEN), lawyer *Houston*
- ARMSTRONG, ANNE LEGENDRE (MRS. TOBIN), former U.S. ambassador to Great Britain *Armstrong*
- ARNOLD, DANIEL C. (BEVERLY), director, Farm & Home Financial Corporation *Houston*
- ASHBY, LYNN COX (DOROTHY), editor editorial page, *Houston Post*; member, Houston Philosophical Society and Houston Economic Development Council; author *Houston*
- ASHWORTH, KENNETH H., commissioner of higher education, Texas College and University System *Austin*
- ATLAS, MORRIS (RITA), lawyer, senior partner, Atlas and Hall *McAllen*
- BAKER, JAMES ADDISON, III (SUSAN), U.S. secretary of state; former U.S. secretary of the treasury; White House chief of staff *Houston and Washington, D.C.*
- BAKER, REX. G., JR., lawyer *Houston*
- BARROW, THOMAS D. (JANICE), vice-chairman, Standard Oil Company (Ohio) *Houston*
- BARTON, DEREK HAROLD RICHARD (CHRISTIANE), professor of chemistry, Texas A&M University; Nobel Prize in chemistry *College Station*
- BASH, FRANK (SUSAN), director, McDonald Observatory, The University of Texas at Austin *Austin*
- BASS, GEORGE FLETCHER (ANN), scientific director, Institute of Nautical Archaeology, Texas A&M University *College Station*
- BELL, HENRY M., JR. (NELL), senior chairman of the board, First City Texas, Tyler N.A.; chairman of the board, East Texas Medical Center Foundation *Tyler*
- BELL, PAUL GERVAIS (SUE), president, Bell Construction Company; president, San Jacinto Museum of History *Houston*
- BENTSEN, LLOYD (BERYL ANN; "B.A."), United States senator *Houston and Washington, D.C.*
- BERDAHL, ROBERT (MARGARET), president, The University of Texas at Austin; author; historian *Austin*
- BLANTON, JACK S. (LAURA LEE), president, Scurlock Oil Company *Houston*
- BOLTON, FRANK C., JR., lawyer; former head of legal department of Mobil Oil Company *Houston*
- BRANDT, EDWARD N., JR. (PATRICIA), physician—medical educator; executive dean, Oklahoma City Campus—Health Sciences Center, University of Oklahoma *Oklahoma City, OK*
- BRINKERHOFF, ANN BARBER, chairman, Liberal Arts Foundation, University of Texas at Austin *Houston*
- BRYAN, J. P., JR. (MARY JON), president, Schroeder Torch; former president, Texas State Historical Association *Houston*
- BUSH, GEORGE (BARBARA), president of the United States; former director, Central Intelligence Agency; former ambassador to United Nations; former congressman *Houston and Washington, D.C.*

- CALDWELL, JOHN CLIFTON (SHIRLEY), rancher; former chairman, Texas Historical Commission; director, Texas Historical Foundation *Albany*
- CALGAARD, RONALD KEITH (GENIE), president of Trinity University *San Antonio*
- CARMACK, GEORGE (BONNIE), former editor, *Houston Press, Albuquerque Tribune and Travel*, and editorial writer *San Antonio Express-News* *San Antonio*
- CARPENTER, ELIZABETH "LIZ," former assistant secretary of education, Washington correspondent, White House press secretary; consultant, LBJ Library; author *Austin*
- CARROLL, MARY JOE DURNING (MRS. H. BAILEY), lawyer; board member, *Texas Law Review*; ed. staff, *Handbook of Texas* (1952); former parliamentarian, Texas Senate; Governor's Committee, 1969 Codification of Texas School Laws *Austin*
- CARSON, RONALD (UTA), Harris L. Kempner Professor in the Humanities in Medicine and Director of the Institute for Medical Humanities, University of Texas Medical Branch at Galveston *Galveston*
- CASEY, ALBERT V., former United States postmaster general; chairman and C.E.O., AMR Corp. and American Airlines, Inc.; director, Colgate-Palmolive Co. *Washington, D.C.*
- CAVAZOS, LAURO F. (PEGGY ANN), former secretary of education; former president, Texas Tech University and Texas Tech University Health Sciences Center *Concord, MA*
- CHRISTIAN, GEORGE (JO ANN), writer and political consultant; former press secretary and special assistant to President Lyndon B. Johnson *Austin*
- CISNEROS, HENRY G. (MARY ALICE), former mayor, San Antonio, faculty member, Trinity University *San Antonio*
- CLEMENTS, WILLIAM P., JR. (RITA), former governor of Texas; former chairman, SEDCO, Inc.; former deputy secretary of defense *Dallas*
- CONGER, ROGER N. (LACY ROSE), retired executive; former mayor of Waco; former president, Texas State Historical Association *Waco*
- COOK, C. W. W. (FRANCES), company director, former chairman, General Foods Corp. *Austin*
- COUSINS, MARGARET, writer and editor *San Antonio*
- CRAVEN, JUDITH LYNN BERWICK (MORITZ), professor of public health administration, University of Texas Health Science Center, Houston; Director of Public Health, Houston *Houston*
- CRIM, WILLIAM ROBERT (MARGARET), investments *Kilgore*
- CROOK, WILLIAM HERBERT, former U.S. ambassador to Australia; former president San Marcos Academy; commissioner, U.S.-Mexican Border Development *San Marcos*
- CUNNINGHAM, WILLIAM H. (ISABELLA), former president, University of Texas at Austin; chancellor, University of Texas at Austin *Austin*
- CURTIS, GREGORY (TRACY), editor, *Texas Monthly*; author *Austin*
- DARDEN, WILLIAM E., president, William E. Darden Lumber Company; former regent, University of Texas *Waco*
- DEAN, DAVID (MARIE), lawyer; former Secretary of State of Texas *Dallas*
- DEBAKEY, MICHAEL E., surgeon; chancellor, Baylor College of Medicine *Houston*
- DECHERD, ROBERT W. (MAUREEN), president, A. H. Belo Corporation *Dallas*
- DENIUS, FRANKLIN W. (CHARMAINE), lawyer; former president, University of Texas Ex-Students' Association; member, Constitutional Revision Committee *Austin*
- DENMAN, GILBERT M., JR., lawyer, partner Denman, Franklin & Denman; chairman of the board, Southwest Texas Corporation and Ewing Halsell Foundation *San Antonio*

- DICK, JAMES, founder-director of the International Festival-Institute at Round Top; concert pianist and teacher *Round Top*
- DOBIE, DUDLEY R., JR. (SAZA), lawyer, The University of Texas System *Austin*
- DOUGHERTY, J. CHRYS (SARAH), attorney; Honorary French Consul in Austin; trustee, St. Stephen's Episcopal School, Austin; University of Texas Law School Foundation *Austin*
- DOYLE, GERRY (KATHERINE), former chairman, foreign trade committee, Rice Millers Association *Beaumont*
- DUFF, KATHARYN, communication consultant, author *Abilene*
- DUGGER, RONNIE E. (PATRICIA BLAKE), publisher, *The Texas Observer*; author *Wellfleet, MA*
- DUNAGAN, J. CONRAD (KATHLYN), president, Dunagan Foundation, Inc.; chairman, Permian Honor Scholarship Foundation, Inc. *Monahans*
- DUNCAN, A. BAKER (SALLY), president, Duncan-Smith Company *San Antonio*
- DUNCAN, CHARLES WILLIAM, JR. (ANNE), chairman, Duncan Interests; former secretary of U.S. Energy Department, deputy secretary of U.S. Defense Department; president of The Coca-Cola Company, and chairman of Rotan Mosle Financial Corp. *Houston*
- DUNCAN, JOHN HOUSE (BRENDA), businessman; chairman, Board of Trustees, Southwestern University *Houston*
- ELKINS, JAMES A., JR., chairman, First City Bancorporation of Texas, Inc.; trustee, Baylor College of Medicine *Houston*
- ERICKSON, JOHN R. (KRISTINE), author, lecturer; owner of Maverick Books publishing company *Perryton*
- EVANS, STERLING C., ranching and investments *Castroville*
- FARABEE, KENNETH RAY (MARY MARGARET), vice chancellor and general counsel, University of Texas System; former member, Texas State Senate *Austin*
- FEHRENBACH, T. R. (LILLIAN), author, historian; former chairman, Texas Historical Commission; former chairman, Texas Antiquities Committee; member, Texas State Historical Association *San Antonio*
- FINCH, WILLIAM CARRINGTON, retired dean, Vanderbilt Divinity School; former president, Southwestern University *Nashville, TN*
- FISHER, JOE J. (KATHLEEN), chief judge emeritus of the U.S. District Court for the Eastern District of Texas, former district attorney and state district judge for the First Judicial District of Texas *Beaumont*
- FISHER, RICHARD (NANCY), managing partner, Fisher Capital Management; former executive assistant to U.S. Secretary of the Treasury *Dallas*
- FLAWN, PETER T. (PRISCILLA), president emeritus, University of Texas at Austin *Austin*
- FLEMING, DURWOOD (LURLYN), former president and chancellor, Southwestern University *Dallas*
- FLEMING, JON HUGH (ANN), educator, consultant, businessman; former president, Texas Wesleyan College; former member, Governor's Select Committee on Public Education *Dallas*
- FONKEN, GERHARD JOSEPH (CAROLYN), executive vice-president and provost, University of Texas at Austin *Austin*
- FRIEND, LLERENA BEAUFORT, professor emeritus of history, University of Texas *Wichita Falls*
- FROST, TOM C. (PAT), chairman of the board, Cullen/Frost Bankers, Inc. *San Antonio*
- GALVIN, CHARLES O'NEILL (MARGARET), professor, School of Law, Vanderbilt University *Dallas*

- GARNER, BRYAN ANDREW (PAN), lawyer, president, of Law Prose *Dallas*
- GARRETT, JENKINS (VIRGINIA), lawyer; member, Governor's Committee on Education Beyond High School; newspaper publisher *Fort Worth*
- GARWOOD, WILLIAM L. (MERLE), judge, U.S. Court of Appeals, Fifth Circuit *Austin*
- GORDON, WILLIAM EDWIN (ELVA), distinguished professor emeritus, Rice University; foreign secretary, National Academy of Sciences *Houston*
- GRANT, JOSEPH M., banker, former chairman and C.E.O., Texas American Bank/Fort Worth *Dallas*
- GRAY, JOHN E. (MARY), president emeritus, Lamar University; chairman emeritus, First City National Bank—Beaumont; former chairman, Coordinating Board, Texas College and University System *Beaumont*
- GREENHILL, JOE R. (MARTHA), lawyer, former chief justice, Supreme Court of Texas *Austin*
- GUEST, WILLIAM F. (AMY), attorney; chairman, American Capitol Insurance Company *Houston*
- HACKERMAN, NORMAN (JEAN), former president, Rice University; former president and vice chancellor, University of Texas *Austin*
- HALL, WALTER GARDNER, chairman of the board, Citizens State Bank, Dickinson; former president, San Jacinto River Authority *Dickinson*
- HAMM, GEORGE FRANCES (JANE), president of the University of Texas at Tyler *Tyler*
- HARDESTY, ROBERT L. (MARY), former president, Southwest Texas State University; former assistant to the president of the United States; former chairman of the Board of Governors, United States Postal Service *Washington, D.C.*
- HARGROVE, JAMES W. (MARION), investment counselor; former United States ambassador to Australia *Houston*
- HARRIGAN, STEHEN MICHAEL (SUE ELLEN), author; contributing editor to *Texas Monthly* *Austin*
- HARRISON, FRANK, physician; former president, University of Texas Health Science Center at San Antonio; former president, University of Texas at Arlington *Dallas*
- HARTE, CHRISTOPHER M., president and publisher, *Centre Daily Times* *Portland, ME*
- HARTE, EDWARD HOLMEAD (JANET), publisher, *Corpus Christi Caller*; director, Winrock International; director, Inter-American Press Association *Corpus Christi*
- HARTGRAVES, RUTH, practicing gynecologist; recipient, The Ashbel Smith Distinguished Alumni Award, University of Texas Medical Branch at Galveston; The Elizabeth Blackwell Award from the American Medical Women's Association *Houston*
- HARVIN, WILLIAM C. (HELEN), lawyer *Houston*
- HAY, JESS (BETTY Jo), chairman and chief executive officer, Lomas and Nettleton Financial Corporation; member, Board of Regents of University of Texas System *Dallas*
- HAYES, PATRICIA A., president, St. Edward's University *Austin*
- HEINEN, ERWIN, certified public accountant; former president, Southern States Conferences of Certified Public Accountants; member, Houston Grand Opera Association *Houston*
- HERSHEY, JACOB W. (TERESE), board chairman, American Commercial Lines; past chairman advisory committee, Transportation Center, Northwestern University *Houston*
- HERSHEY, TERESA (JACOB), civic leader; Texas Women's Hall of Fame; former board member, National Audubon Society *Houston*
- HILL, JOHN L. (BITSY), attorney, former chief justice, Supreme Court of Texas; former attorney general of Texas and former secretary of state of Texas *Houston*

- HILL, LYDA HUNT, president, Hill Development Company and Seven Falls Company Dallas
- HILL, JOSEPH MACGLASHAN, physician; director, Wadley Research Institute; past president, International Society of Hematology Dallas
- HINES, JOHN ELBRIDGE, (retired) presiding bishop of the Protestant Episcopal Church; trustee, Episcopal Seminary of the Southwest; former member State Board of Hospitals and Special Schools Austin
- HOBBY, DIANA (WILLIAM), managing editor; Studies in English Literature, Rice University Houston
- HOBBY, OVETA CULP, former chairman of the board and editor, *Houston Post*; former secretary of Health, Education and Welfare Houston
- HOBBY, WILLIAM PETTUS (DIANA), lieutenant governor of Texas, 1973-1991; past president, Philosophical Society of Texas; Radoslav A. Tsanoff Professor at Rice University; Sid Richardson Professor, LBJ School of Public Affairs, University of Texas at Austin Houston
- HOFFMAN, PHILIP GUTHRIE (MARY), president emeritus, University of Houston; president, Texas Medical Center, Inc. Houston
- HOLLAMON, ELIZABETH E., headmistress of Trinity Episcopal School Galveston
- HOLTZMAN, WAYNE H. (JOAN), professor of psychology and education; president, Hogg Foundation for Mental Health, University of Texas Austin
- HOOK, HAROLD SWANSON (JOANNE), chairman and chief executive, American General Corporation; trustee, Baylor College of Medicine Houston
- HORGAN, PAUL, professor emeritus, author in residence, Wesleyan University; former president, American Catholic Historical Association; member, American Academy and Institute of Arts and Letters; member, American Academy of Arts and Sciences; Pulitzer Prize for History Roswell, NM, and Middleton, CT
- HOWE, JOHN P. III (JILL), physician; president, University of Texas Health Science Center at San Antonio San Antonio
- HUBERT, FRANK W. R. (MARY JULIA), chancellor emeritus, Texas A&M University System Bryan
- HUEY, MARY EVELYN (GRIFFIN), president emeritus, Texas Woman's University Denton
- HUGHES, VESTER T. JR.; lawyer; founding partner, Hughes & Luce Dallas
- HUTCHISON, KAY BAILEY (RAY), U.S. Senator; former State Treasurer of Texas Dallas and Washington, D.C.
- INMAN, BOBBY RAY (NANCY), admiral, U.S. Navy (retired); chairman, Westmark Systems Inc. Austin
- JAMES, THOMAS N. (GLEAVES), cardiologist; president, University of Texas Medical Branch at Galveston Galveston
- *JOHNSON, CLAUDIA TAYLOR (MRS. LYNDON B.) Stonewall
- JOHNSON, RICHARD J. V. (BELLE), president and publisher, *Houston Chronicle* Houston
- JOHNSTON, MARGUERITE (CHARLES W. BARNES), journalist; Houston author; former columnist and editor, *Houston Post* Houston
- JONES, EVERETT HOLLAND (HELEN), bishop of West Texas, Protestant Episcopal Church (retired) San Antonio
- JONSSON, JOHN ERIK, honorary director, Texas Instruments; president, Excellence in Education Foundation; trustee many institutions; former mayor of Dallas Dallas
- JORDAN, BRYCE (JONELLE), former president, Pennsylvania State University Austin
- JOSEY, JACK S., president, Josey Oil Company; member, board of governors, Rice University; former regent, University of Texas Houston
- KEETON, PAGE (MADGE), former dean of the School of Law, University of Texas Austin
- KELSEY, MAVIS PARROTT (MARY), retired physician, founder and former chief, Kelsey-Seybold Clinic Houston

- KELTON, ELMER (ANNA), fiction writer, livestock journalist *San Angelo*
- KEMPNER, HARRIS, L., JR., trustee, H. Kempner; president of Kempner Capital Management, Inc.; member Texas Governor's Task Force on State Trust & Asset Management *Galveston*
- KEMPNER, RUTH L., member, Kempner Foundation *Galveston*
- KESSLER, JAMES LEE (SHELLEY), Rabbi, Temple B'nai Israel; founder and first president of the Texas Jewish Historical Society *Galveston*
- KILGORE, DANIEL E. (CAROL), certified public accountant; former president, Texas State Historical Association *Corpus Christi*
- KING, JOHN Q. TAYLOR, SR. (MARCET), former president, Huston-Tillotson College; major general, AUS (retired) *Austin*
- KING, MAY DOUGHERTY (MRS. JOHN ALLEN), investor, oil exploration and development; founder, Dougherty Carr Arts Foundation; Equestrian Order of the Holy Sepulchre *Corpus Christi*
- KNEPPER, DOROTHY WARDELL (MRS. DAVID W.), retired director, San Jacinto Museum of History *Houston*
- KOZMETSKY, GEORGE (RONYA), professor and administrator, University of Texas at Austin *Austin*
- KRIER, CYNDI TAYLOR (JOSEPH), member, Texas State Senate; partner, Vallejo Ranch *San Antonio*
- KRUEGER, ROBERT (BOB) CHARLES (KATHLEEN), investments; former vice-provost and dean of Arts and Sciences, Duke University; former ambassador-at-large and coordinator for Mexican affairs, and former U.S. congressman *New Braunfels*
- LABOON, ROBERT BRUCE (RAMONA), director, Texas Commerce Bancshares, Inc. *Dallas*
- LANCASTER, SALLY RHODUS (OLIN), executive vice-president and grants administrator, The Meadows Foundation; regent, East Texas State University *Dallas*
- LAW, THOMAS HART (JO ANN), lawyer; former member, Board of Regents, University of Texas System; former president, Fort Worth Area Chamber of Commerce *Fort Worth*
- LAWRENCE, F. LEE (ANN), lawyer; trustee, Texas Christian University; former president, Texas State Historical Association *Tyler*
- LEE, AMY FREEMAN, chairman, board of trustees, Incarnate Word College, San Antonio; artist, critic, lecturer *San Antonio*
- LEHRER, JAMES CHARLES (KATE), co-anchor of the MacNeil/Lehrer NewsHour *Arlington, VA*
- LEMAISTRE, CHARLES A. (JOYCE), president, University of Texas System Cancer Center M. D. Anderson Hospital and Tumor Institute *Houston*
- LEVIN, WILLIAM C. (EDNA), physician; former president and Ashbel Smith professor, University of Texas Medical Branch at Galveston *Galveston*
- LIEDTKE, J. HUGH, president, chief executive officer, chairman of board, Pennzoil United; trustee, Rice University *Houston*
- LINDSEY, JOHN H., businessman, art collector, civic leader, former member, board of directors, Museum of Fine Arts; director, Alley Theatre; member of the board of regents, Texas A&M University *Houston*
- LINDZEY, GARDNER, former vice president for academic affairs, University of Texas; psychologist; author *Palo Alto, CA*
- LIVINGSTON, WILLIAM S. (LANA), professor of government; vice-president and dean of graduate studies, University of Texas at Austin *Austin*
- LOCHRIDGE, LLOYD (FRANCES), lawyer; member of the Board of Governors of the American Bar Association *Austin*
- LOCKE, JOHN PATRICK (RAMONA), president, Lynch-Locke Corporation *Dallas*

- LORD, GROGAN, chairman, First Texas Bancorp; member, Texas Securities Board; trustee, Southwestern University *Georgetown*
- LOVE, BEN F. (MARGARET), former chairman and chief executive officer, Texas Commerce Bank—Houston and Texas Commerce Bancshares *Houston*
- LOVETT, HENRY MALCOLM (MARTHA), lawyer; former chairman of the trustees, Rice University *Houston*
- LOW, GILBERT, lawyer *Beaumont*
- LUCE, TOM (PAM), lawyer, Hughes & Luce; chairman, First Southwest Company *Dallas*
- MACGREGOR, GEORGE LESCHER, retired president and chairman, Texas Utilities Company *Dallas*
- MADDEN, WALES H., JR. (ABBIE), attorney; former member, University of Texas Board of Regents *Amarillo*
- MAGUIRE, JACK R. (ANN), former executive director, Institute of Texan Cultures; author and syndicated newspaper columnist *Fredericksburg*
- MARCUS, STANLEY, chairman emeritus of the board of Neiman Marcus and Marketing Consultant *Dallas*
- MARGRAVE, JOHN L. (MARY LOU), E. D. Butcher Professor of Chemistry, Rice; Chief Scientific Officer, HARC; National Academy of Sciences *Houston*
- MARK, HANS (MARION), chancellor, University of Texas System *Austin*
- MARTIN, JAMES C., JR., director, San Jacinto Museum of History Association *La Porte*
- MASTERSON, HARRIS (CARROLL), estate management executive; member of the board of directors, Houston Symphony; Harris County Heritage Society; Knights of Malta *Houston*
- MATTHEWS, JUDY JONES, president, Dodge Jones Foundation *Abilene*
- MATTHEWS, WATT R., rancher *Albany*
- MCCALL, ABNER VERNON (MARY), president emeritus, Baylor University; former associate justice, Supreme Court of Texas *Waco*
- MCCOLLUM, LEONARD FRANKLIN, president, Continental Oil Co. *Houston*
- MCCOMBS, B. J. "RED" (CHARLINE), owner San Antonio Spurs Professional Basketball team; member, board of Southwestern University *San Antonio*
- MCCORQUODALE, ROBIN HUNT; author *Houston*
- MCDERMOTT, MARGARET (MRS. EUGENE) *Dallas*
- MCGHEE, GEORGE CREWS, former U.S. ambassador to West Germany *Middleburg, VA*
- MCGINNIS, ROBERT C. (ETHEL), lawyer *Austin*
- McKNIGHT, JOSEPH WEBB (MIMI), professor, Southern Methodist School of Law; legal historian, law reformer *Dallas*
- MIDDLETON, HARRY J. (MIRIAM), director, Lyndon B. Johnson Presidential Library and Museum *Austin*
- MILLER, JARVIS E. (ALMA), president, Careerbank, Inc. *Bryan*
- MOBLEY, WILLIAM HODGES (JAYNE), president, Texas A&M University *College Station*
- MONTFORD, JOHN (DEBRA), member Texas Senate; former district attorney, Lubbock County *Lubbock*
- MOODY, DAN, JR. (ANN), attorney *Austin*
- MOORE, J. SAM JR. (GRETA), lawyer; member of the board of directors, Texas Law Review Association *El Paso*
- MOSLEY, JOHN DEAN (SARA BERNICE), president emeritus, Austin College; former director, Texas Legislative Council; consultant *Sherman*
- MOUDY, JAMES MATTOX (LUCILLE), chancellor emeritus, Texas Christian University *Fort Worth*

- MULLINS, CHARLES B. (STELLA), executive vice chancellor for health affairs,
University of Texas System *Austin*
- MURPHY, EWELL E. "PAT", lawyer, retired partner, Baker & Botts; visiting
professor, University of Texas of Law; chairman, J. William Fulbright
Foreign scholarship Board *Houston*
- NATALICIO, DIANA S., president, University of Texas at El Paso; member,
Texas Women's Hall of Fame; author *El Paso*
- NEWTON, JON P. (BETTY), lawyer *Houston*
- O'CONNOR, DENNIS, rancher *Refugio*
- PAPE, GLORIA HILL (JAMES), historical restoration *Fredericksburg*
- PHILLIPS, THOMAS ROYAL (LYN), Chief Justice, Supreme Court of Texas *Austin*
- PITZER, KENNETH SANBORN, professor of chemistry, University of California; former
president, Stanford and Rice Universities *Berkeley, CA*
- POPE, JACK (ALLENE), former chief justice, Supreme Court of Texas *Austin*
- PORTER, JENNY LIND (MRS. LAWRENCE E. SCOTT), poet and educator; former poet
laureate of Texas *Austin and Los Angeles, CA*
- PRESSLER, H. PAUL III (NANCY), justice, Court of Appeals of Texas, Fourteenth Supreme
Judicial District *Houston*
- PRESSLER, HERMAN PAUL, lawyer, retired vice-president, Humble Oil &
Refining Company; former president, Texas Medical Center, Inc.;
chairman of the board of trustees, Texas Children's Hospital *Houston*
- PROTHRO, CHARLES N., president, Perkins-Prothro Company; trustee,
Southwestern University *Wichita Falls*
- PROVENCE, HARRY, retired editor-in-chief, Newspapers, Inc.; retired chairman,
Coordinating Board, Texas College and University System *Waco*
- RAMEY, TOM B., JR. (JILL), lawyer; Chief Justice of the 12th Court of Appeals *Tyler*
- RAMIREZ, MARIO E. (SARAH), physician; member, Board of Regents, University of
Texas System *Rio Grande City*
- RANDALL, EDWARD III, chairman of the board and president, Rotan Mosle
Financial Corp. *Houston*
- RANDALL, RISHER (FAIRFAX), senior vice-president and director for the
American General Investment *Houston*
- RANDEL, JO STEWART, historian, author; founder, Carson County Square
House Museum *Panhandle*
- REASONER, HARRY MAX (ELIZABETH), lawyer; managing partner,
Vinson & Elkins *Houston*
- REAVLEY, THOMAS M. (FLORENCE), judge, U.S. Court of Appeals, Fifth Circuit *Austin*
- REYNOLDS, HERBERT H. (JOY), president, Baylor University; biomedical scientist;
retired Air Force officer; trustee, Baylor College of Medicine and Baylor
College of Dentistry *Waco*
- RHODES, CHARLOTTE W. (ALEC), patron, Shakespeare at Winedale; former
instructor in English, University of Texas at Austin *Dripping Springs*
- RICHARDS, ANN, Governor of the State of Texas *Austin*
- ROBINSON, HUGH G., chief executive officer, Tetra Group; director, A. H. Belo
Corporation, LBJ Library Foundation *Dallas*
- ROSTOW, ELSPETH (WALT), former dean, Lyndon B. Johnson School of
Public Affairs *Austin*
- ROSTOW, WALT WHITMAN (ELSPETH), Rex G. Baker Professor of Political
Economy, emeritus, The University of Texas at Austin; former
special assistant to Presidents John F. Kennedy and Lyndon B. Johnson *Austin*

- RUTFORD, ROBERT HOXIE (MARJORIE ANN), president, University of Texas at Dallas; director, division of polar programs, National Science Foundation *Richardson*
- SCHWITTERS, ROY F. (KAREN), S. W. Richardson Regents Chair in Physics, The University of Texas at Austin; former director, Super Conducting Super Collider *Austin*
- SEYBOLD, WILLIAM D. (ADELE), retired surgeon; former director, University of St. Thomas; former chief of surgery and chairman of the executive board, Kelsey-Seybold Clinic *Dallas*
- SHANNON, BOB E. (CAMILLE), lawyer; former Chief Justice of the Third Court of Appeals *Austin*
- SHERMAN, MAX RAY (GENE ALICE), dean, Lyndon B. Johnson School of Public Affairs; former president, West Texas State University *Austin*
- SHILLING, ROY B., JR. (MARGARET), president, Southwestern *Georgetown*
- SHUFFLER, RALPH HENDERSON II, Episcopal priest-psychotherapist *San Antonio*
- SMITH, FRANK C., JR. (KATHERINE), electrical engineer; specialist in data processing and geosciences *Houston*
- SPARKMAN, ROBERT S. (WILLIE), M.D., chief emeritus, Department of Surgery, Baylor University Medical Center; clinical professor of surgery, University of Texas Southwestern Medical School; former president, Texas Surgical Society *Dallas*
- SPENCE, RALPH (MARY JOHN), chairman, LYTM Company, Inc.; former member, Coordinating Board of the Texas College and University System; former chairman, University of Texas Chancellor's Council (acquisition of Gutenberg Bible) *Tyler*
- SPRAGUE, CHARLES CAMERON, president emeritus, University of Texas Health Science Center at Dallas; former dean and professor, Tulane University School of Medicine *Dallas*
- STALEY, THOMAS (CAROLYN), director, Harry Ransom Humanities Research Center and Chancellor's Council Centennial professor in the book arts, The University of Texas at Austin *Austin*
- STOREY, CHARLES PORTER, JR. (GAIL), physician; Medical Director of the hospice at Texas Medical Center; author *Houston*
- STOREY, CHARLES PORTER, SR. (HELEN), lawyer; director, Storey Armstrong Steger & Martin; former chairman, International Committee of YMCAs *Dallas*
- STRONG, LOUISE CONNALLY (BEEMAN), associate professor of medical genetics, University of Texas System Cancer Center; Phi Beta Kappa *Houston*
- SUTTON, JOHN F. (NANCY), A. W. Walker Centennial Chair in Law, University of Texas at Austin; former dean, UT Law School, and formerly practicing attorney, San Antonio and San Angelo *Austin*
- *SYMONDS, MARGARET CLOVER, former vice-president, Garden Club of America; past trustee, Child Welfare League of America; trustee, Pacific Tropical Botanical Garden; past trustee, Northwestern University *Houston*
- TEAGUE, JAMES U. (MARGOT), former chairman of the board and chief executive officer, Columbia Drilling Company *Sugar Land*
- TEMPLE, ELLEN C. (ARTHUR [BUDDY] III), member, Board of Regents, University of Texas System; publisher, Ellen Temple Press *Lufkin*
- TEMPLE, LARRY (LOUANN), lawyer, former chairman, Select Committee on Higher Education *Austin*
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