

His Excellency Carlos Salinas de Gortari

Rabbi Arthur Schneier, Mayor, Distinguished Ambassadors, Mr. Artzt, Ladies and Gentlemen.

Thank you for your welcome to this ever lively City of New York, mirror of the changes occurring in the world. My appreciation is even greater for the generous decision made by the Foundation to confer upon me the Appeal of Conscience Award. This organization has won international prestige for its commitment to freedom and tolerance in modern societies. This award acknowledges Mexicans' efforts to attain, in an open and free society, higher levels of well-being in our nation. On behalf of my countrymen, I am proud to accept this award.

Never before in the last half century has there been an opportunity such as the one we have today, to build a system based on economic cooperation and respect for international law. It is essential, therefore, to promote the peaceful settlement of conflicts, to address the threats to the global environment, to unite in the fight against poverty that exists in the developing countries and which also exists in the most industrialized countries. Poverty, ecological irresponsibility, drug trafficking, intolerance and terrorism are the new walls of exclusion. The Berlin Wall has fallen: freedom now demands from us that we avoid conformism by demolishing the other walls as well. If we do so, we will undoubtedly ensure the future of humankind.

This is particularly important in our region. The recently concluded government to government negotiations on the North American Free Trade Agreement were driven by a vision attuned to the future and they are an example of the relations of cooperation and understanding that exist between Mexico, the United States and Canada.

The terms of the Agreement respond to the three countries shared interest in increasing the competitiveness of their economies and of the region with respect to part regions of the world. In times of uncertainty, agreements such as NAFTA are pillars of effective cooperation and an encouraging sign for the rest of the world.

Let me make two comments about NAFTA.

First, the Rabbi said that this was the feast after San Antonio. If this is so, I'm surely glad to see so many democrats in this table.

Second one, is that the most important transformation in Mexico, the most important change to promote such an agreement was the one related to mentalities -- that is the way Mexicans view themselves and our relationship with our neighbor to the north. This relationship has been very difficult, historically. That is why one Mexican person once said, "Poor Mexico, so far from God, so close to the U.S."

So this shows you the many ways we had to change in order to promote the Free Trade Agreement. By the way, I was telling this argument to a former Head of the Central Bank of Israel, a close

friend of Chairman Volker. He told me that this is very peculiar because in Israel we say the reverse. "Poor Israel, so close to God and so far from the U.S."

I have to fulfill my protocol so I will conclude a summary of my remarks in Spanish.

A world of increased competitiveness demands greater educational, scientific and technological capacity. We are, therefore, reforming the education system, a pillar of change and innovation. It is a reform that aims primarily at improving the quality of education in the country. We have committed ourselves to an education reform that will deepen our common values, and will emphasize respect for human rights and for environmental protection. It must, of course, teach the basic subjects effectively, and also provide the new tools required for the major revolution in knowledge that we are experiencing today. We want to build a better future for the new generations.

Let me tell you that this commitment, this action and this transformations in Mexico, cover economic sphere as well as the social and political ones. And they go beyond that. They enter fully into the realm of culture. They are embodied by our full commitment to the respect of human rights, among them, the respect to the freedom of belief, of speech, of fully going wherever Mexicans want to go, whatever they want to do, and now, whoever visits our country. And that is why we promoted this constitutional and reforms to establish the new framework of churches in Mexico, as the Rabbi mentioned a moment ago. I

emphasize, to respect this freedom of belief in Mexico. That is why we established a very respected National Commission on Human Rights in order to insure that they will be fully observed, mainly by those who have to protect others, while serving in public office.

This is so because we Mexicans certainly want prosperity and growth, but we cherish freedom and liberty. And the two basic ideas that guide our efforts are liberty and social justice in a sovereign nation that aims for democratic advancement.

We've been working very hard in this different spheres of human endeavor, and let me tell you that we know we have to recover the process of growth, because we have such a dynamic people, that they want to be part of the transformation and of the changes occurring within our own country.

We are 85 million people, even though we have reduced our demographic rate to 1.9% per year, we are still adding 2 million more to the total population per year. So this requires to respond to the demands for better jobs, for improved quality of life, for the chance to be part as a dignity that they have as human beings in this world transformation. That is why we have committed ourselves to recovering growth. The main quest was to reduce inflation; otherwise instability wouldn't create the conditions for recover growth that we've been able to reach; coming down from an inflation of almost 200% some years ago. This year it will be around 10% per year, and we will enter next year with 1 digit inflation.

The main element that shifted this goal was to introduce order in our public finances. For many years, we Mexicans thought that we could live forever in debt. Then one day we woke up with an indebtedness of \$100 billion. We had to work very hard to reverse that situation. But, it was worth it. The efforts and the sacrifices made allowed us to establish the Foundations for a recovering economy with stability. Or, in other words, as somebody said, "We discover that there is life after debt." The main element was to reduce our budget deficit. In Mexico, the budget deficit reached almost 16% of GDP. That couldn't be sustained for long. So we worked reducing expenditures, increasing revenue, working harder, and last year, the budget deficit was 0% of GDP. And, at the same time, we are going beyond that this year, for the first time ever in our modern economic history, we are running a surplus in our public finances, which were determined to continue holding in the years ahead.

At the same time, we've revised the excessive property that government for many years had acquired in Mexico. We realized that in times of need, these goods in the hands of the government had to serve the people, and therefore, we used them for a process of privatization through public beatings. Precisely to reduce the size of government ownership in order to have the resources to attend to our people's needs.

We knew that resources coming from privatization were revenue once and for all, and they couldn't be used for permanent

expenditures. Therefore, we channeled them to reduce our domestic debt. Domestic debt, which as industrialized countries and on the average about 50% of the GDP, Japan 60%; Italy, as of yesterday, 120%; in Mexico today, domestic debt is 12% of GDP. This meant that the savings we reach in servicing the domestic debt we could use in a very tight budget to finance sound, permanent social programs.

And therefore, we increase resources to China to education more than 70% in your terms in the past three years to a greater quality of our teachers to pay their wages to them; to improve the quality of our schools to the centralized system and to the Mexican children are better educated with more forms in these deeply committed educational reform that we have in Mexico.

Yes, we've been doing these actions again to reach stability and to promote recovery. The past three years the economic growth in Mexico has been the young demographic increase. But we have to grow at faster rates. The only way to do so in the modern world of inter-related economies through participating in the huge trading blocks that are being created in Europe and the Asian-Pacific countries, and in our border to the north into the U.S. and Canada. That is why, precisely, we propose the Free Trade Agreement with the U.S. and Canada in order to be able to create the largest free trade area in the world.

And yesterday, yes it is true, we concluded the negotiations government to government with the initialling of the legal document of 2,000 pages that covers all aspects of trade among

our three countries and now we are ready to go on to the legislative procedures and then to the firm implementation of such an Agreement.

We have to grow in Mexico, but we don't want aid, we want trade - free trade - fair trade - in order to be able to deliver to our people the opportunities for an improvement in their standards of living. At the same time, let me tell you that we do not want growth at any price, or at any cost. Specially not growth that harms environment, because we have already paid a very high price and cost to reverse the damage done in the past for neglecting the environment. Just to clean the air in Mexico City, we are investing more than \$4 billion - just to grade the quality of life along our towns and the border with the U.S. we are investing more than \$ 1/2 billion in a three-year program, to clean the water in our rivers, to take care of our oceans. That is costing us so much that we have decided to prevent instead of to reverse.

Therefore, we have committed ourselves to a strategy of economy recovery with full protection of the environment. We believe there is no trade-off between economic recovery and environmental action. And nature gave Mexico one of the biodiversity on earth. That is the diversity of plants, animals, sea life, and we knew that we have a responsibility for our children to make sure that they will be able to know that all the diversity that we knew from our times and in our lifetime. And that is why, not only because we are convinced that there is no

trade-off between economic recovery and protection of the environment. But mostly because of a moral and ethical standard that we have in relation to the next generations is that we are so committed to the protection of our environment. We do so because this beauty that nature gave us is so impressive that we are determined that they prevail in the generations ahead.

Let me give you some examples that I mentioned early this morning: The Monarch Butterfly: this Monarch Butterfly reproduces in the forests of Central Mexico and they participate in the oldest migration on earth from Mexico through the U.S. to Canada, and then they return to our country to reproduce. Those trees that allow them to reproduce were being cut by the peasants out of need. So we spoke with them, we provided them we alternative means of employment, and today, those Indian communities are the ones who are protecting the forest and millions of butterflies can now fly again from Mexico to the U.S. to Canada. We hope that these butterflies will be the emblem of the North American Free Trade Agreement.

Let me tell you about our tropical forests. Some couple of weeks ago I went to the southern part of the country, to a place called Shpuhil - that's an imagine name - Shpuhil is part of a huge reserve that we created to protect a tropical forest. There I participated with the villagers in a very beautiful ceremony which they showed the imagined site that they had cleared in order to maintain their fundamental roots, our fundamental roots. But contrary to the use of archeology in the '60's or '70's, they

didn't cut the trees. They are still growing in the middle of the pyramids. They merely put away the bush. And these trees, they knew that each tree in a tropical forest can have as much bio-diversity as a single country in Europe. And that is why they were determined to keep the trees, recovered the imagined sites, and at the same time, find employment opportunities for the members of the community. We were able to articulate and harmonize culture community and ecology.

Let me tell you about the 100 million trees that we have committed ourselves into planting in the next 24 months. And we will call upon all of our children, all families, to participate in a national mobilization toward the reforestation of vast parts of our country. Just the amount of acres that can be covered by these trees could be the same size as Belgium or Poland.

Let me tell you about sea turtles. There are 12 species of sea turtles in the world. Nine out of those twelve reproduce in Mexican beaches, along the Pacific Ocean. Previously, they were slaughtered. Today, we provided fisherman with alternative employment opportunities, and they protect our turtles so that they will continue being part of our oceans. At the same time, I mentioned this this morning, I have been telling the people at the Tourist Department that they should use this very important example. They asked why? Why? Because if our beaches can do that to turtles, imagine when they could do to honeymooners.

This is how we have been working. Working for our recovery; working for our stability; working in our social programs;

working in political change and transformation; working in the perspective of a better nation. At the same time, let me tell you that we place the most important consideration to this commitment to the environment within our whole general strategy because it is our children, the one who are demanding to us a better environment than the one we inherited from our parent and our grandparents.

The rabbi was mentioning the permanent trips I conduct around the country every Thursday and Friday. I receive many letters. Every letter, every single letter I receive from a children, always talks about the environment. They demand that they get the chance to fulfill their aspirations in life and that means precisely an improvement in the environment in which we live. That is why we call it a moral and an ethical commitment.

This is precisely the sense of change and transformation in Mexico. You may ask why we want so much to change. The answer may seem paradoxical. We want to change because we want to remain. That is in the world of today the only way to remain as Mexicans, which is our biggest pride, is precisely changing, introducing this transformations. And we know that the outcome of this change and transformation will be a stronger Mexican in terms of freedom, liberty and social justice, because we have 3,000 years of culture behind us. And that give us the strength and self-confidence to approach this closer relationship with such a stronger neighbor. This determination to reverse tradi

tional will of thinking, this aim to preserve values, tradition, family in the middle of our work, modernization.

Yes, Mexico is changing. Mexico is growing. We have many problems still to face, many still to solve. But we have a new optimism. A new optimism derived from the fact that we are united. That we are working together. That we respect our pluralism. That we can have different ways of thinking, but similar aims and the fundamental one is precisely the improvement of our country.

We cherish liberty in Mexico. We aim at social justice. We respect plurality, and certainly we welcome our friends. In Mexico, you can feel at home.

Hope to have you soon there.