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Remarks on Mexico's Repayment of Loans From the United States and an Exchange With Reporters

January 15, 1997

The President. Good morning, and welcome. Ambassador Silva Herzog, Chairman Greenspan, Secretary Rubin, Deputy Secretary Summers and other members of the administration, Mr. McLarty, Mr. Berger, Congressman Richardson, Congressman Matsui, Congressman Frank, ladies and gentlemen. Just a few moments ago, President Ernesto Zedillo of Mexico called me to tell me that Mexico had issued instructions to repay the remaining \$3.5 billion of the \$13 1/2 billion the United States loaned to Mexico 2 years ago in the wake of the peso's collapse.

In 1995, when my administration put together this emergency support package, Mexico was in crisis. Today the United States is being repaid more than 3 years ahead of schedule. We have earned more than half a billion dollars on our loan. Our exports to Mexico are at an all-time high, and the Mexican economy is back on track.

Two years ago, helping our friend and neighbor in a time of need was quite controversial. Some said that we should not get involved, that the money would never be repaid, that Mexico should fend for itself. They were wrong.

Today the American people can be proud that we did the right thing by Mexico and the right thing for the United States and the right thing to protect global prosperity.

The financial crisis in Mexico was also America's problem. We had to act to prevent the crisis from destabilizing our third largest trading partner, spreading to other emerging markets from Latin America to Asia, and threatening the sales of goods and services that generate jobs for American workers. By taking action, we protected a strong and growing market for American products that supports 700,000 jobs here. We helped Mexico to sustain its program of democratic reform and economic growth. And we helped to give the Mexican people renewed hope for a more secure future.

I want to thank Secretary Rubin and his team at Treasury, Deputy Secretary Summers and Under Secretary Shafer, for the remarkable job they have done. I want to thank Chairman Greenspan for his support of this course of action and for the close cooperation that he offered the Treasury Department in working through this. Together they put together an emergency \$20 billion loan support package that allowed Mexico to work itself out of the crisis while working itself back to financial and economic health. We also led an international effort to make available up to \$50 billion in emergency support from international financial institutions.

For its part, Mexico put in place a tough adjustment program to get its economic house in order. Today, in thanking President Zedillo for the good news we have received, I also want to applaud him and his team for the skill and courage they have demonstrated in sticking to their program of reform and reviving Mexico's economy. The Mexican economy grew by over 4 percent in 1996. The exchange rate has stabilized. Inflation has been cut nearly in half. Close to one million new jobs have been restored to Mexico since the crisis bottomed out. And Mexico has regained the confidence of international investors. This is a remarkable turnaround. Following its 1982 financial crisis, it took 7 years—7 years—for Mexico to return to the private financial markets. This time it took 7 months.

After the 1982 crisis, Mexico imposed prohibitive tariffs, and U.S. exports fell 50 percent, not recovering for 7 years. This time Mexico continued to fulfill its NAFTA commitments, and our exports are already 11 percent above pre-crisis levels.

Mexico's immediate financial crisis was our first order of business, but our work didn't stop there. With our G-7 allies in the international financial institutions, we agreed at the Halifax summit in 1995 to long-term safeguards to prevent similar crises from occurring in the future and to deal with them effectively if they do. Mexico will face new challenges as it moves forward on economic and political reform, as it works to strengthen the social safety net and raise living standards for the poor and fights the scourge of drug trafficking. The United States will continue to support and encourage these efforts. And I want to underscore that our administration and this President are committed to strengthening our engagement throughout Latin America in the months and years ahead, just as we are committed to the need for American leadership because there are times when only America can get the job done.

It now gives me great pleasure to invite Ambassador Silva Herzog and Secretary Rubin to sign a protocol that officially terminates the special loan agreement between the United States and Mexico and brings our emergency support program to a very successful conclusion.

[At this point, Treasury Secretary Robert Rubin and Mexican Ambassador to the United States Jesus Silva Herzog Flores signed the protocol.]

Possible Visit to Mexico

Q. Mr. President, do you plan to visit Mexico to celebrate this?

The President. The answer to your question is I do plan to visit Mexico and soon. We have not fixed a date yet, but I told President Zedillo that I would be there as soon as I could. And I think it will be actually quite soon.

Mexican Economy

Q. Mr. President, it seems just a few months ago the peso was in trouble once again. I'm wondering if you feel in your mind, do your advisers feel that that the Mexican economy is on very certain footing right now?

The President. Do you want to answer that? *[Laughter]*

Secretary Rubin. If the President is going to learn to do these things, then I'll answer your question. *[Laughter]*

The President. I thought since you make so much more money than I do.

[*Laughter*]

Secretary Rubin. There is a point to that. [*Laughter*] The answer is that I think the accomplishments—or we think the accomplishments of Mexico have been enormous. President Zedillo, Minister Ortiz, and the others have really had enormous political courage in following the track they've been on.

Having said that, while a great deal has been accomplished, there is also a great deal to do going forward, and we look forward to being helpful to, and working with, the Mexican Government.

Speaker Newt Gingrich

Q. Mr. President, what do you think about the political warfare that's sprung up around the ethics case of Speaker Newt Gingrich?

The President. I want it to be over. I want it to be over. You know, the American people have given us larger responsibilities. I think in general, at least in my experience in my brief time here the last 4 years, way too much time and energy and effort is spent on all these things, leaving too little time and emotional energy for the work of the people. So that's what I think. I want it to be over, whatever—the Speaker should do whatever is appropriate, and we should get on with it, put it behind us, and go on with the business of the country.

Thank you.

NOTE: The President spoke at 11:22 a.m. in the Roosevelt Room at the White House. During the exchange, Secretary Rubin referred to Foreign Minister Guillermo Ortiz Martinez of Mexico.

William J. Clinton, Remarks on Mexico's Repayment of Loans From the United States and an Exchange With Reporters Online by Gerhard Peters and John T. Woolley, The American Presidency Project
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